HEAD OFFICE
P.O. Box : 600, FUJAIRAH
UNITED ARAB EMIRATES
Tel.: 09-2223111
Fax: 09-2227718
Email:hofci79@fciho.ae
Email:hofci79@fujairahcement.com

Web Site: www.fujairahcement.com : موقع على الإنترنت

المكتب الرئيسي
ص.ب : ٦٠٠ – الفجيرة
الإمارات العربية المتحدة
تليفون: ٠٩-٢٢٢٣١١١
فاكس: ٠٩-٢٢٢٧٧١٨
البريد الالكتروني: hofci79@fciho.ae
البريد الالكتروني: hofci79@fujairahcement.com

FUJAIRAH CEMENT INDUSTRIES

(P.J.S.C)

Integrated Report
2023

To view the Integrated Report of the Company for the year 2023 please visit the following websites:-

- www.fujairahcement.com
- www.adx.ae

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Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates
Directors' report

The Directors have pleasure in presenting their report and the audited consolidated financial statements for the year ended 31 December 2023.

Principal activities of the Group

The Group's principal activities are clinkers and hydraulic cements manufacturing, ready - mix and dry - mix concrete and mortars manufacturing, exporting and sand and pebble mines operation - crushers.

Financial review

The table below summarizes the results of the year 2023 and 2022.

	2023 AED	2022 AED
Revenue	**343,808,673**	374,577,222
Direct expenses	**(399,485,321)**	(423,076,247)
Gross loss	**(55,676,648)**	(48,499,025)
Gross loss ratio	**(16.19)%**	(12.95)%
Net loss	**(265,532,928)**	(143,847,098)
Net loss ratio	**(77.23)%**	(38.40)%
Basic and diluted loss per share	**(0.74)**	(0.40)

Role of the Directors

The Directors are the Group's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Group for delivering sustainable shareholder value through their guidance and supervision of the Group's business. The Directors set the strategies and policies of the Group. They monitor performance of the Group's business, guide and supervise its management.

Going concern

The Group incurred a loss of AED 265,532,928 for the year ended December 31, 2023 (2022: AED 143,847,098), accumulated losses of AED 130,520,723 (2022: AED Nil), the current liabilities exceeded the current assets by AED 304,875,684 as at that date (2022: AED 145,009,363).

The consolidated financial statements have been prepared on a going concern basis. While preparing the consolidated financial statements the management has made an assessment of the Group's ability to continue as a going concern. The major challenge during the year was the higher production cost due to the rising coal and fuel prices. In response to the challenge, the Group's management was able to increase the rate of cement in both local and international markets. The management is also exploring to enter other markets outside UAE to maximize the capacity utilization. Management believes that the above actions and the feasibility of future plans by the Board of Directors will improve its ability to generate future profits and cash flows and continue its operations in the foreseeable future. Hence, the consolidated financial statements have been prepared on a going concern basis. As part of the action plan, the management of the Group had decided to cease the operations of the subsidiary.

Events after year end

The Board of Directors, at the meeting held on 09 January 2024, decided to terminate the operations of the subsidiary with effective from 01 February 2024.

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البريد الالكتروني: hofci79@fciho.ae
البريد الالكتروني: hofci79@fujairahcement.com

Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates
Directors' report (continued)

Auditor

M/s. Crowe Mak – Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities

The applicable requirements require the Directors to prepare the consolidated financial statements for each financial year which present fairly in all material respects, the consolidated financial position of the Group and its financial performance for the year then ended.

The audited consolidated financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the consolidated financial position of the Group and enables them to ensure that the consolidated financial statements comply with the requirements of the applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order for the consolidated financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present the Group's financial conditions and results of its operations.

The consolidated financial statements set out on pages 8 to 48, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:

H.E. Mohamed Bin Hamad Saif Al Sharqi
Chairman

Board Member

25 March 2024

FACTORY : P. O. Box :11477, Dibba, Fujairah
U.A.E.
Tel. : 09-2444011
Fax : 09-2444016, 2444061
Email: fujcem82@eim.ae
المصنع : ص.ب : ١١٤٧٧ - دبا الفجيرة
الإمارات العربية المتحدة
هاتف : ٠٩-٢٤٤٤٠١١
فاكس : ٠٩-٢٤٤٤٠١٦ ، ٠٩-٢٤٤٤٠٦١
البريد الالكتروني : fujcem82@eim.ae

Fujairah Cement Industries PJSC and its subsidiary

Fujairah, United Arab Emirates

Reports and Consolidated financial statements
For the year ended 31 December 2023

Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates

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Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates
General information

Principal office address:	M 202, Umm Al Quwain National Bank Building P.O. Box: 600 Fujairah, United Arab Emirates T: +971 9 222 3111 Website: www.fujairahcement.com
Other office address:	P.O. Box: 11477, Dibba, Fujairah, United Arab Emirates T: +971 9 244 4011 F: +971 9 244 4016
The Directors:	H.E. Mohamed Bin Hamad Saif Al Sharqi (Representative of Govt. Fujairah), (Emirati) Mr. Abdul Ghafour Hashem Abdul Ghafour Behroozian Alawadhi (Representative of Govt. Fujairah), (Emirati) Mr. Khalid Abdulwahab Yousef Ahmed Al Muhaidib (Representative of Govt. Abu Dhabi), (Emirati) Mr. Mohamed Sharief Habib Mohamed Alawadhi, (Emirati) Mr. Dhari Selfeeq Alshammary (Representative of ISDB-KSA), (Saudi) Mr. Mohammad Saeed Aldowaisan, (Kuwaiti) Mr. Saad Abdullah Hussain Al Hanyan, (Kuwaiti) Mr. Yagoub Musaad Yagoub Albuaijan, (Kuwaiti) Mr. Abdul Latif Saad Abdul Latif Al Dosary, (Kuwaiti) Mrs. Maryam Abdulla Mohamed Obaid Al Matrooshi, (Emirati) Mr. Salem Mohamed Abdulla Mohamed Al Zahmi, (Emirati)
The Auditor:	Crowe Mak P.O. Box: 6747 Dubai, United Arab Emirates
The Banks:	National Bank of Fujairah Dubai Islamic Bank Emirates NBD Abu Dhabi Commercial Bank Commercial Bank of Dubai First Abu Dhabi Bank Burgan Bank

Directors' report

The Directors have pleasure in presenting their report and the audited consolidated financial statements for the year ended 31 December 2023.

Principal activities of the Group

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The table below summarizes the results of the year 2023 and 2022.

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The Group incurred a loss of AED 265,532,928 for the year ended December 31, 2023 (2022: AED 143,847,098), accumulated losses of AED 130,520,723 (2022: AED Nil), the current liabilities exceeded the current assets by AED 304,875,684 as at that date (2022: AED 145,009,363).

The consolidated financial statements have been prepared on a going concern basis. While preparing the consolidated financial statements the management has made an assessment of the Group's ability to continue as a going concern. The major challenge during the year was the higher production cost due to the rising coal and fuel prices. In response to the challenge, the Group's management was able to increase the rate of cement in both local and international markets. The management is also exploring to enter other markets outside UAE to maximize the capacity utilization. Management believes that the above actions and the feasibility of future plans by the Board of Directors will improve its ability to generate future profits and cash flows and continue its operations in the foreseeable future. Hence, the consolidated financial statements have been prepared on a going concern basis. As part of the action plan, the management of the Group had decided to cease the operations of the subsidiary.

Events after year end

The Board of Directors, at the meeting held on 09 January 2024, decided to terminate the operations of the subsidiary with effective from 01 February 2024.

Auditor

M/s. Crowe Mak – Dubai, United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities

The applicable requirements require the Directors to prepare the consolidated financial statements for each financial year which present fairly in all material respects, the consolidated financial position of the Group and its financial performance for the year then ended.

The audited consolidated financial statements for the year under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the consolidated financial position of the Group and enables them to ensure that the consolidated financial statements comply with the requirements of the applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order for the consolidated financial statements to reflect fairly, the form and substance of the transactions carried out during the year under review and reasonably present the Group's financial conditions and results of its operations.

The consolidated financial statements set out on pages 8 to 48, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:

H.E. Mohamed Bin Hamad Saif Al Sharqi Chairman	**Board Member**

25 March 2024

Crowe Mak
كـرو مـاك

2104 & 2105, Level 21, The Prism
Business Bay, Sheikh Zayed Road
P O Box 6747, Dubai, UAE
T: +971 4 447 3951
uae@crowe.ae
www.crowe.ae

Ref: BN/A2983/March'2024

Independent auditor's report

To,
The Shareholders
Fujairah Cement Industries PJSC
P.O. Box: 600
Fujairah, United Arab Emirates

Report on the Audit of the Consolidated Financial Statements

Adverse Opinion

We have audited the accompanying consolidated financial statements of Fujairah Cement Industries PJSC (the "Parent Entity") and its subsidiary (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other 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 material accounting policies.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at 31 December 2023, 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 Adverse Opinion

We draw attention to Note 2 to the consolidated financial statements which states that the Group incurred a loss of AED 265,532,928 for the year ended 31 December 2023, carries accumulated losses of AED 130,520,723, the current liabilities exceeded the current assets by AED 304,875,684 as at that date and failed to meet certain financial covenants on its bank borrowings (Note 18) as per the bank facility letters. This situation indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Further, we have not been provided with the management's business plan that supports the viability of the Group's going concern and address its loss position.

Accordingly, we were unable to obtain sufficient and appropriate audit evidence concerning the management's assessment of the going concern assumption and its adequate disclosure in preparing these consolidated financial statements.

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 requirements of International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code) together with 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 adverse opinion.

Emphasis of matter

We draw attention to Note 16 that states that the Board of Directors of the Group resolved to offset the voluntary reserve balance against the accumulated losses to the extent of current year loss as at 31 December 2022. Accordingly, a portion of losses for the year of AED 135,012,205 has been offset against the balance of voluntary reserve. Our opinion is not modified in respect of this matter.

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 9, 2023.

Independent auditor's report (continued)

To The Shareholders of Fujairah Cement Industries PJSC and its subsidiary
Report on the Audit of Consolidated Financial Statements (continued)

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 statement of the current year. These matters were addressed in the context of our audit of the cconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter(s) described in the Basis for Adverse Opinion Section we have determined the matters described below to be the key audit matters to be communicated our report.

Inventories

The Group's stock includes raw materials, semi-finished products, burning media, and finished products, as of December 31, 2023. 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.

How our audit addressed the key audit matter

We have performed the following audit procedures:
- We assessed the competence, capabilities and objectivity of the independent valuer appointed by the management for the quantity survey of the inventory,
- We observed the physical inventory survey performed by management’s expert. We assessed the reasonableness of the measurements of stockpiles during the physical survey 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 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 tested the valuation and ageing of year end inventory for a sample of selected inventory items, including review of judgements considered regarding obsolescence and net realizable value, and
- We have also assessed the adequacy of the management’s disclosure in Note 10 to the consolidated financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the annual report. The other information does not include the consolidated financial statements and our auditor’s report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard except for the matters described in the Basis for Adverse Opinion section of our report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs 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 consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Independent auditor's report (continued)

To The Shareholders of Fujairah Cement Industries PJSC and its subsidiary
Report on the Audit of Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to error or fraud, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 Group'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 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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Independent auditor's report (continued)

To The Shareholders of Fujairah Cement Industries PJSC and its subsidiary
Report on the Audit of Consolidated Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

Because of the significance of the matters described in the Basis for Adverse Opinion section of our report, we are unable to report on other legal and regulatory requirements.

Crowe Mak

Zayd Khalid Maniar
Registered Auditor Number: 579
Dubai, United Arab Emirates
25 March 2024

Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates
Consolidated statement of financial position as at 31 December 2023

	Notes	2023 AED	2022 AED
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,055,255,800**	1,122,192,578
Right-of-use assets	7	**89,595,495**	99,778,553
Intangible assets	8	**-**	210,722
Total non-current assets		**1,144,851,295**	1,222,181,853
Current assets			
Inventories	10	**128,449,618**	252,179,167
Trade and other receivables	11	**60,921,511**	69,149,738
Cash and cash equivalents	12	**7,041,775**	1,323,554
Total current assets		**196,412,904**	322,652,459
Total assets		**1,341,264,199**	1,544,834,312
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**355,865,320**	355,865,320
Revaluation reserve	14	**34,747,500**	34,747,500
Statutory reserve	15	**161,750,412**	161,750,412
Accumulated losses		**(130,520,723)**	-
Voluntary reserve	16	**-**	135,012,205
Total equity		**421,842,509**	687,375,437
LIABILITIES			
Non-current liabilities			
Employees' end-of-service benefits	17	**10,073,845**	13,081,321
Bank borrowings	18	**301,583,958**	234,038,621
Lease liabilities	19	**98,391,019**	112,705,265
Trade and other payables	20	**8,084,280**	29,971,846
Total non-current liabilities		**418,133,102**	389,797,053
Current liabilities			
Bank borrowings	18	**230,131,635**	329,963,126
Lease liabilities	19	**40,812,593**	28,849,674
Trade and other payables	20	**230,344,360**	108,849,022
Total current liabilities		**501,288,588**	467,661,822
Total liabilities		**919,421,690**	857,458,875
Total equity and liabilities		**1,341,264,199**	1,544,834,312

These consolidated financial statements were approved and authorised for issue on 25 March 2024.

The consolidated financial statements set out on pages 8 to 48, which have been prepared on the going concern basis were approved by the Directors on the date of these consolidated financial statements and signed on behalf of the Group by:

H.E. Mohamed Bin Hamad Saif Al Sharqi
Chairman

Board Member

The accompanying notes and policies form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 4 to 7.

Fujairah - United Arab Emirates
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Revenue	21	**343,808,673**	374,577,222
Direct expenses	22	**(399,485,321)**	(423,076,247)
Gross loss		**(55,676,648)**	(48,499,025)
Written down of inventories to net realizable value	10	**(23,834,830)**	(18,275,313)
Other income	23	**2,229,984**	4,054,947
Selling and distribution expenses	24	**(28,113,168)**	(12,103,939)
General and administrative expenses	25	**(116,659,810)**	(29,480,223)
Factory cost during stoppage	26	**-**	(9,460,660)
Finance cost	27	**(43,478,456)**	(30,082,885)
Net loss for the year		**(265,532,928)**	(143,847,098)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(265,532,928)**	(143,847,098)
Total comprehensive loss for the year attributable to:			
Owners of the Group		**(265,532,928)**	(143,847,098)
Total comprehensive loss for the year		**(265,532,928)**	(143,847,098)
Basic and diluted loss per share		**(0.74)**	(0.40)

The accompanying notes and policies form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 4 to 7.

Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates
Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital AED	Revaluation reserve AED	Statutory reserve AED	Accumulated losses AED	Voluntary reserve AED	Attributable to owners of the Group AED	Total AED
As at 1 January 2022	355,865,320	34,747,500	161,750,412	56,323,301	222,536,002	831,222,535	831,222,535
(Loss) for the year	-	-	-	(143,847,098)	-	(143,847,098)	(143,847,098)
Offset against losses (Note 16)	-	-	-	87,523,797	(87,523,797)	-	-
As at 31 December 2022	**355,865,320**	**34,747,500**	**161,750,412**	**-**	**135,012,205**	**687,375,437**	**687,375,437**
(Loss) for the year	-	-	-	(265,532,928)	-	(265,532,928)	(265,532,928)
Offset against losses (Note 16)	-	-	-	135,012,205	(135,012,205)	-	-
As at 31 December 2023	**355,865,320**	**34,747,500**	**161,750,412**	**(130,520,723)**	**-**	**421,842,509**	**421,842,509**

The accompanying notes and policies form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 4 to 7.

Fujairah - United Arab Emirates
Consolidated statement of cash flows for the year ended 31 December 2023

	Notes	2023 AED	2022 AED
Loss for the year		**(265,532,928)**	(143,847,098)
Adjustments for:			
Impairment loss on property, plant and equipment	6	**12,962,726**	-
Depreciation of property, plant and equipment	6	**56,886,054**	56,211,897
Depreciation of right-of-use asset	7	**10,250,701**	10,182,875
Amortisation of intangible assets	8	**49,903**	38,795
Impairment loss on intangible assets	8	**160,819**	-
Allowance for slow-moving and obsolete inventories	10	**83,699,924**	6,114,492
Provision for expected credit loss of trade receivables	11	**5,321,051**	11,212,052
Employees' end-of-service benefits	17	**1,407,184**	1,379,860
Write down of inventories to net realizable value	25	**23,834,830**	18,275,313
Finance cost	27	**39,598,594**	25,945,522
(Gain) on disposal of property, plant and equipment	23	**(79,048)**	-
Interest expense on lease liabilities	27	**3,879,862**	4,137,363
Operating cash flows before changes in operating assets and liabilities		**(27,560,328)**	(10,348,929)
Decrease in inventories	10	**16,194,795**	8,659,127
Decrease in trade and other receivables	11	**2,907,174**	22,516,930
Increase / (decrease) in trade and other payables	20	**96,777,180**	(9,354,288)
Cash generated from operating activities		**88,318,821**	11,472,840
Employees' end-of-service benefits paid	17	**(4,414,660)**	(2,596,650)
Net cash generated from operating activities		**83,904,161**	8,876,190
Cash flows from investing activities			
Purchase of property, plant and equipment	6	**(2,912,002)**	(7,211,274)
Proceeds from sale of property, plant and equipment	6	**79,048**	-
Net cash used in investing activities		**(2,832,954)**	(7,211,274)
Cash flows from financing activities			
Repayment of term loans	18	**(27,932,848)**	(27,756,775)
Proceeds from short term loans	18	**155,000,000**	240,000,000
Repayment of short term loans	18	**(89,957,135)**	(220,990,122)
Net (payment) / receipts in trust receipts and overdrafts	18	**(69,396,170)**	39,376,455
Repayment of principal portion of lease liabilities	19	**(2,418,969)**	(2,003,347)
Finance costs paid	27	**(36,768,002)**	(25,553,316)
Repayment of Interest portion of lease liabilities	27	**(3,879,862)**	(4,137,363)
Net cash used in financing activities		**(75,352,986)**	(1,064,468)
Net increase in cash and cash equivalents		**5,718,221**	600,448
Cash and cash equivalents at the beginning of the year		**1,323,554**	723,106
Cash and cash equivalents at the end of the year	12	**7,041,775**	1,323,554

The accompanying notes and policies form an integral part of these consolidated financial statements.

The report of the auditor is set out on pages 4 to 7.

1 General information

Fujairah Cement Industries PJSC (the "Parent Entity") is a public joint stock company incorporated in the Emirate of Fujairah, United Arab Emirates by an Amiri Decree issued by His Highness the Ruler of Fujairah on 20 December 1979. The Parent Entity's ordinary shares are listed in the Abu Dhabi Securities Exchange.

The Parent Entity is domiciled in Fujairah and its registered address is M 202, Umm Al Quwain National Bank Building, P.O. Box: 600, Fujairah, United Arab Emirates.

The principal activities of Parent Entity and its subsidiary (collectively referred to as the "Group") are clinkers and hydraulic cements manufacturing, ready - mix and dry - mix concrete and mortars manufacturing, exporting and sand and pebble mines operation - crushers.

The management is vested with Mr. Saeed Ahmed Ghareib Howaishil Alsereidi, General Manager, Emirati national and control is vested with the Board of Directors.

These consolidated financial statements incorporate the operating results of the industrial license no. 80001.

These consolidated financial statements of the Parent Entity as at and for the year ended December 31, 2023 comprise the Parent Entity and its subsidiary. The details of the subsidiary is as follows.

Sr. No	*Name of subsidiary*	*License no*	*Legal and effective interests*	*Activities*
1	Fujairah Cement Industries P.J.S.C FZE, United Arab Emirates	4203	100%	Ready mixed concrete manufacturing

2 Going concern

The Group incurred a loss of AED 265,532,928 for the year ended December 31, 2023 (2022: AED 143,847,098), accumulated losses of AED 130,520,723 (2022: AED Nil), the current liabilities exceeded the current assets by AED 304,875,684 as at that date (2022: AED 145,009,363).

The consolidated financial statements have been prepared on a going concern basis. While preparing the consolidated financial statements the management has made an assessment of the Group's ability to continue as a going concern. The major challenge during the year was the higher production cost due to the rising coal and fuel prices. In response to the challenge, the Group's management was able to increase the rate of cement in both local and international markets. The management is also exploring to enter other markets outside UAE to maximize the capacity utilization. Management believes that the above actions and the feasibility of future plans by the Board of Directors will improve its ability to generate future profits and cash flows and continue its operations in the foreseeable future. Hence, the consolidated financial statements have been prepared on a going concern basis. As part of the action plan the management of the Group had decided to cease the operations of the subsidiary.

3 Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 New and amended IFRS Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRSs	***Effective for annual periods beginning on or after***
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two	1 January 2023

3 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

3.1 New and amended IFRS Standards that are effective for the current year (continued)

New and revised IFRSs	***Effective for annual periods beginning on or after***
Model Rules	
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	1 January 2023

Management has adopted the new and amended IFRS standards in the current period and believes that these standards do not have material impact on these consolidated financial statements unless mentioned above.

3.2 New and revised IFRS in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	***Effective for annual periods beginning on or after***
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of assets between an Investor and its Associate or Joint Venture:	No effective date set
Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements	1 January 2024
Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024

Management anticipates that these standards will not have any significant impact on these consolidated financial statements.

4 Material accounting policies

4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

4.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Current/Non-current classification

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

4 Material accounting policies (continued)

4.2 Basis of preparation (continued)

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

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting year, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Group classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies are set out below.

4.3 Basis of consolidation

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries. Control is achieved when the Parent:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4 Material accounting policies (continued)

4.4 Functional currency

These consolidated financial statements are presented in Emirati Dirham, which is the Group's functional currency.

4.5 Revenue recognition

The Group has applied the following accounting policy in the preparation of its financial statements.

For contracts determined to be within the scope of revenue recognition, the Group is required to apply a five-step model to determine when to recognise revenue, and at what amount.

The Group recognises revenue from contracts with customers based on the five step model 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 obligation in the contract

A performance obligation is a unit of account and 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 the Group expects to be entitled in exchange for transferring promised goods or services 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 consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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.

Performance obligation

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.

4 Material accounting policies (continued)

4.5 Revenue recognition (continued)

Performance obligation (continued)

Sale of goods (continued)

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.

Sale of scrap materials

The revenue from sale of scrap materials is recognized at the point in time when the control of those items are transferred to the customer, generally on delivery of the materials.

4.6 Leases

The Group leases various lands and vehicles. Rental contracts are typically made for fixed periods of 25 years and 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assess whether:

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group's incremental borrowing rate can be used.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentive receivables,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

4 Material accounting policies (continued)

4.6 Leases (continued)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the year.

The lease liability is presented as a separate line in the statement of financial position.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated using straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Property, plant and equipment policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ”Other expenses” in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise staff accommodation.

4.7 Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4 Material accounting policies (continued)

4.9 Employee benefits

End of service indemnity

Provision is made for the full amount of end of service indemnity due to non-U.A.E. national employees in accordance with the applicable Labour Law and is based on current remuneration and their period of service at the end of the reporting year.

4.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss and other comprehensive income when incurred.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

	Useful lives
Land	
Factory buildings and leasehold improvements	5 to 35 years
Plant and machinery	2 to 35 years
Furniture and fixtures	2 to 4 years
Vehicles and mobile plant	4 to 7 years
Tools and equipment	2 to 4 years
Quarry development	6 to 20 years
Factory civil structures	5 to 35 years
Capital work in progress	

Properties in the course of construction for production. supply or administrative purposes or for purposes not yet determined are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for the intended use.

4.11 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

4 Material accounting policies (continued)

4.11 Intangible assets (continued)

The following useful lives are used in the calculation of amortization:

	Useful lives
Software	5 years

4.12 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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.

4.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

4 Material accounting policies (continued)

4.14 Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.15 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.16 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial instruments that meet the following conditions are measured subsequently at amortised cost:

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

Financial instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, amounts due from customers under construction contracts, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts (contract assets) and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial

4 Material accounting policies (continued)

4.16 Financial assets (continued)

recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables

Receivables were non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), bank balances and cash and others were measured at amortised cost using the effective interest method, less any impairment.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity was recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that was no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income was allocated between the part that continues to be recognised and the part that was no longer recognised on the basis of the relative fair values of those parts.

4.17 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an Entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

4 Material accounting policies (continued)

4.17 Financial liabilities and equity instruments (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

5 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, which are described in note 4 to these consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

5 Critical accounting judgements and key sources of estimation uncertainty (continued)

5.1 Critical judgements in applying accounting policies

Judgements in determining the timing of satisfaction of performance obligations

In making their judgement, the Directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group 's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the Directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 4.16). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

5.2 Key sources of estimation uncertainty

Fair value measurement of financial instruments

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

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.

Useful lives of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Useful lives of intangible assets

Intangible assets is amotised over its estimated useful life, which is based on expected usage of the asset. The management has not considered any residual value as it is deemed immaterial.

Provision for inventories

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.

5 Critical accounting judgements and key sources of estimation uncertainty (continued)

5.2 Key sources of estimation uncertainty (continued)

Impairment losses on property, plant and equipment

The Group reviews its property, plant and equipment 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. 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.

6 Property, plant and equipment

	Land	Factory buildings and leasehold improvements	Plant and machinery	Furniture and fixtures	Vehicles and mobile plant	Tools and equipment	Quarry development	Factory civil structures	Capital work-in-progress	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Cost										
As at 1 January 2022	34,997,500	30,712,750	2,031,544,356	4,388,925	27,032,732	13,241,361	31,949,125	129,286,686	24,804,677	2,327,958,112
Additions	-	-	1,994,475	4,854	178,000	75,599	-	-	4,958,346	7,211,274
Transfers	-	362,382	4,224,264	9,010	11,727,129	209,410	-	-	(16,532,195)	-
Transfer from inventories	-	-	1,745,564	-	-	-	-	-	71,035	1,816,599
Transfer to intangible assets	-	-	-	-	-	-	-	-	(249,517)	(249,517)
As at 31 December 2022	34,997,500	31,075,132	2,039,508,659	4,402,789	38,937,861	13,526,370	31,949,125	129,286,686	13,052,346	2,336,736,468
Additions	-	-	940,142	33,989	279,426	105,939	-	-	1,552,506	2,912,002
Disposals	-	-	(349,349)	-	(2,787,390)	-	-	-	-	(3,136,739)
Transfers	-	(362,382)	605,065	-	-	-	-	1,075,382	(1,318,065)	-
As at 31 December 2023	**34,997,500**	**30,712,750**	**2,040,704,517**	**4,436,778**	**36,429,897**	**13,632,309**	**31,949,125**	**130,362,068**	**13,286,787**	**2,336,511,731**
Accumulated depreciation										
As at 1 January 2022	-	16,256,628	1,037,156,231	3,657,682	24,505,823	13,102,863	25,825,203	37,827,563	-	1,158,331,993
Depreciation expense	-	791,393	47,142,912	250,727	2,884,618	105,353	926,080	4,110,814	-	56,211,897
As at 31 December 2022	-	17,048,021	1,084,299,143	3,908,409	27,390,441	13,208,216	26,751,283	41,938,377	-	1,214,543,890
Disposals	-	-	(349,349)	-	(2,787,390)	-	-	-	-	(3,136,739)
Depreciation expense	-	746,323	47,526,289	234,388	3,107,330	137,482	926,081	4,208,161	-	56,886,054
Transfers	-	(2,082,511)	278,501	-	-	-	-	1,804,010	-	-
Impairment	-	-	1,001,811	8,676	2,031,658	58,838	-	630,863	9,230,880	12,962,726
As at 31 December 2023	**-**	**15,711,833**	**1,132,756,395**	**4,151,473**	**29,742,039**	**13,404,536**	**27,677,364**	**48,581,411**	**9,230,880**	**1,281,255,931**

6 Property, plant and equipment (continued)

	Land	Factory buildings and leasehold improvemen s	Plant and machinery	Furniture and fixtures	Vehicles and mobile plant	Tools and equipment	Quarry development	Factory civil structures	Capital work-in-progress	Total
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
Carrying amount										
As at 31 December 2022	34,997,500	14,027,111	955,209,516	494,380	11,547,420	318,154	5,197,842	87,348,309	13,052,346	1,122,192,57
As at 31 December 2023	**34,997,500**	**15,000,917**	**907,948,122**	**285,305**	**6,687,858**	**227,773**	**4,271,761**	**81,780,657**	**4,055,907**	**1,055,255,800**

Notes:
a) As at 31 December 2022, Land mentioned above of AED 34,997,500 is stated at valuation by Land and Property Management - Dibba Municipality - Government of Fujairah and the difference amounting to AED 34,747,500 was credited to revaluation reserve.

b) Part of the factory buildings and improvements, factory civil structures and plant and machinery are constructed/erected on leased land obtained from the Dibba Municipality - Government of Fujairah.

c) First Degree registered mortgage in favor of the bank borrowings (Note 18) over tangible fixed assets (plant, machinery & equipment), covering part of the facilities.

d) There is a registered chattel mortgage (being executed) over the Waste Heat Recovery based captive power plant expansion project included in plant and machinery mentioned above and an assignment of insurance policy covering the project in favour of the bank against bank borrowings (Note 18).

e) Insurance policy covering movable assets is assigned in favor of a bank against bank borrowings (Note 18).

f) Commercial mortgage over thermal power plant included in plant and machinery mentioned above, assignment of insurance policies covering the cement factory and thermal power plant and assignment of leasehold rights over the land on which the thermal power plant is located are provided as securities against bank borrowings (Note 18).

g) There is a registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 18) included in plant and machinery mentioned above.

h) Depreciation is fully charged to cost of sales.

i) Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period aggregated to AED 356,509,950 (2022 : AED 354,785,226).

6 Property, plant and equipment (continued)

j) Impairment loss has been provided for the property, plant and equipment relating to the subsidiary as it has been decided to terminate its operations with effect from 01 February, 2024.

7 Leases (the Group as Lessee)

Right-of-use assets

Movement of the recognised right-of-use assets during the year:

	Property	Total
	AED	AED
Cost		
As at 1 January 2022	138,897,679	138,897,679
Additions during the year	315,953	315,953
As at 31 December 2022	139,213,632	139,213,632
Additions during the year	67,642	67,642
As at 31 December 2023	**139,281,274**	**139,281,274**
Accumulated depreciation		
As at 1 January 2022	29,252,204	29,252,204
Charge for the year	10,182,875	10,182,875
As at 31 December 2022	39,435,079	39,435,079
Charge for the year	10,250,700	10,250,700
As at 31 December 2023	**49,685,779**	**49,685,779**
Carrying amount		
As at 31 December 2023	**89,595,495**	**89,595,495**
As at 31 December 2022	99,778,553	99,778,553

Amounts recognised in profit or loss

	2023	2022
	AED	AED
Depreciation expense on right-of-use assets	**10,250,700**	10,182,875
Interest expense on lease liabilities (Note 27)	**3,879,862**	4,137,363

8 Intangible assets

	Software
	AED
Cost	
As at 1 January 2022	-
Transfer from capital work in progress	249,517
As at 31 December 2022	249,517
As at 31 December 2023	**249,517**
Accumulated amortisation	
As at 1 January 2022	-
Amortisation expenses	38,795
As at 31 December 2022	38,795
Amortisation expenses	49,903
Impairment	160,819
As at 31 December 2023	**249,517**
Carrying amount	
As at 31 December 2023	**-**
As at 31 December 2022	210,722

9 Related party balances and transactions

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard 24 Related Party Disclosures. Related parties comprise companies and entities under common ownership and/or common management and control, key management personnel and shareholders. The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as on other charges.

a) Transactions

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

	2023	2022
	AED	AED
Sales	**3,262,752**	3,681,377
Purchases / service contracts	**48,622**	718,664
Construction of property plant and equipment	**-**	671,336
	3,311,374	5,071,377

9 Related party balances and transactions (continued)

b) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year was as follows:

	2023	2022
	AED	AED
Salaries and other benefits of key management staff	**3,075,275**	3,183,488

At the statement of consolidated financial position date, balances of related parties are as follows:

	2023	2022
	AED	AED
Balances due from related parties		
(Included in trade receivables)	**1,261,378**	1,820,532
Balances due to related parties		
(Included in trade payables)	**480,000**	242,432

10 Inventories

	2023	2022
	AED	AED
Spare parts	**130,405,278**	126,971,880
Burning media	**60,969,167**	75,099,758
Semi-finished products	**31,511,864**	56,671,485
Raw materials	**10,271,537**	16,056,468
Finished goods	**2,591,295**	3,383,164
Bags and packing materials	**598,218**	735,336
	236,347,359	278,918,091
Allowance for slow moving/obsolete inventories	**(110,516,529)**	(26,816,605)
Goods in transit	**2,618,788**	77,681
	128,449,618	252,179,167

Insurance policy against the inventories are assigned against bank borrowings (Note 18).

Inventories have been reduced by AED 23,834,830 (2022: AED 18,275,313) as a result of the write down to net realizable value. This write down was recognized as an expense.

10 Inventories (continued)

Movement in allowance for slow moving and obsolete inventories

	2023 AED	2022 AED
Balance at the beginning of the year	**26,816,605**	20,702,113
Charge during the year	**83,699,924**	6,114,492
Balance at the end of the year	**110,516,529**	26,816,605

11 Trade and other receivables

	2023 AED	2022 AED
Trade receivables	**109,759,851**	113,695,970
Less: Allowance for expected credit losses	**(58,033,713)**	(52,712,662)
	51,726,138	60,983,308
Advances to suppliers	**3,627,331**	1,889,917
VAT receivable-net	**3,266,548**	4,559,552
Prepayments	**1,182,988**	858,554
Deposits	**467,001**	476,001
Staff loan and advances	**22,936**	69,268
Other receivables	**628,569**	313,138
	60,921,511	69,149,738

Trade receivables are assigned against bank borrowings (Note 18).

Trade receivables include AED 66,155,005 (2022: AED 65,429,969) which is past due of this AED 6,213,271 (2022: AED 3,617,891) is secured.

Of the trade receivables as at 31 December 2023 there are 7 customers (2022: 7 customers) which represent 82% (2022: 78%) of the total receivables.

Geographical details of trade receivables

	2023 AED	2022 AED
Primary Geographical Markets		
Within U.A.E.	**101,866,541**	92,318,637
Outside U.A.E. - G.C.C.	**7,282,197**	20,766,220
Other countries	**611,113**	611,113
	109,759,851	113,695,970

The average credit period on sales of goods is 117 days. No interest is charged on outstanding trade receivables.

11 Trade and other receivables (continued)

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 97.66% against all receivables over 360 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group’s provision matrix. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group’s different customer base.

11 Trade and other receivables (continued)

Trade receivables – ageing analysis

31 December 2023	**Not past due**	**Less than 180 days**	**180-360 days**	**More than 360 days**	**Total**
	AED	**AED**	**AED**	**AED**	**AED**
Expected credit loss rate	**-%**	**-%**	**-%**	**97.66%**	
Estimated total gross carrying amount at default	**43,604,857**	**7,096,370**	**809,162**	**58,249,462**	**109,759,851**
Lifetime ECL	**-**	**-**	**-**	**58,033,713**	**58,033,713**
					51,726,138

Trade receivables – ageing analysis

31 December 2022	Not past due	Less than 180 days	180-360 days	More than 360 days	Total
	AED	AED	AED	AED	AED
Expected credit loss rate	-%	-%	-%	90.27%	
Estimated total gross carrying amount at default	48,294,544	3,489,716	3,518,263	58,393,447	113,695,970
Lifetime ECL	-	-	-	52,712,662	52,712,662
					60,983,308

11 Trade and other receivables (continued)

	Total
	AED
Balance as at 1 January 2022	**41,638,030**
Amounts written off	**(137,420)**
Charge during the year	**11,212,052**
Balance as at 31 December 2022	**52,712,662**
Charge during the year	**5,325,409**
Amounts written off	**(4,358)**
Balance as at 31 December 2023	**58,033,713**

	Expected credit loss rate	Gross trade receivables	Expected credit loss
	%	AED	AED
2023			
Secured trade receivables against bank guarantees and letters of credit		19,786,439	-
Unsecured trade receivables	63%	89,973,412	58,033,713
		-	-
		109,759,851	**58,033,713**
2022			
Secured trade receivables against bank guarantees and letters of credit		31,949,545	-
Unsecured trade receivables	65%	81,746,425	52,712,662
		113,695,970	**52,712,662**

12 Cash and cash equivalents

	2023	2022
	AED	AED
Bank balances	**6,562,260**	1,206,139
Cash on hand	**479,515**	117,415
	7,041,775	1,323,554

The bank balances are also subject to impairment requirements of IFRS 9, however, balances with banks are assessed to have low credit risk of default.

13 Share capital

	2023	2022
	AED	AED
Authorised, issued and paid up share capital:		
355,865,320 shares of AED 1.00	**355,865,320**	355,865,320

14 Revaluation reserve

	2023	2022
	AED	AED
Balance at the beginning / end of the year	**34,747,500**	34,747,500

As at 31 December 2022, Land mentioned in Note 6 of AED 34,997,500 is stated at valuation by Land and Property Management - Dibba Municipality - Government of Fujairah and the difference amounting to AED 34,747,500 was credited to the revaluation reserve.

15 Statutory reserve

	2023	2022
	AED	AED
Balance at the beginning of the year	**161,750,412**	161,750,412
Balance at the end of the year	**161,750,412**	161,750,412

According to the Articles of Association of the Parent Entity and UAE Federal Law No. 32 of 2021, 10% of annual net profits is allocated to the statutory reserve. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid-up capital. This reserve is not available for distribution.

16 Voluntary reserve

	2023	2022
	AED	AED
Balance at the beginning of the year	**135,012,205**	222,536,002
Offsets during the year	**(135,012,205)**	(87,523,797)
Balance at the end of the year	**-**	135,012,205

The Parent Entity had appropriated 10% of profits in the earlier year to voluntary reserve. As per Article 59 of the Articles of Association of the Parent Entity, the voluntary reserve may be used according to a resolution of the Board of Directors in the aspects that achieve the interests of the Parent Entity.

The Board of Directors resolved to offset the losses and/or the accumulated losses of the Parent Entity against the voluntary reserve as at 31 December 2022 and thereafter in the future in the event that the Parent reports losses. The opening balance of AED 135,012,205 in the voluntary reserve has been completely utilized to offset the partial loss for the year.

17 Employees' end-of-service benefits

	2023	2022
	AED	AED
Balance at the beginning of the year	**13,081,321**	14,298,111
Charge for the year	**1,407,184**	1,379,860
Payments during the year	**(4,414,660)**	(2,596,650)
Balance at the end of the year	**10,073,845**	13,081,321

Amounts required to cover end of service indemnity at the consolidated statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting year.

18 Bank borrowings

	2023	2022
	AED	AED
Term loan	**376,948,178**	269,838,162
Trust receipts	**97,145,612**	152,244,403
Short term loans	**40,000,000**	110,000,000
Overdraft	**17,621,803**	31,919,182
	531,715,593	564,001,747

	2023	2022
	AED	AED
Term loans movement during the year		
Balance at the beginning of the year	**269,838,162**	253,585,059
Restructuring from short term loan	**135,042,864**	44,009,878
Repaid during the year	**(27,932,848)**	(27,756,775)
Balance at the end of the year	**376,948,178**	269,838,162

	2023	2022
	AED	AED
Short term loans movement during the year		
Balance at the beginning of the year	**110,000,000**	135,000,000
Received during the year	**155,000,000**	240,000,000
Repaid during the year	**(89,957,135)**	(220,990,122)
Restructuring to medium term loan	**(135,042,865)**	(44,009,878)
Balance at the end of the year	**40,000,000**	110,000,000

18 Bank borrowings (continued)

Presented in the consolidated statement of financial position as:

	2023	2022
	AED	AED
Bank borrowings - non-current	**301,583,958**	234,038,621
Bank borrowings - current	**230,131,635**	329,963,126
	531,715,593	564,001,747

Securities:

a). Registered charge over Thermal Power Plant (including machinery).

b). Registered chattel mortgage (to be executed) over the Waste Heat Recovery based captive power plant expansion project.

c). Assignment of insurance policy for AED 437.4 million covering factory on a pari passu basis.

d). Assignment of insurance policy for AED 236.9 million covering the Thermal Power Plant on a pari passu basis.

e). Assignment of insurance policy for AED 124.4 million covering the Waste Heat Recovery based captive power plant expansion project.

f). Assignment of insurance policies covering moveable assets on pari passu basis.

g). Assignment of leasehold rights (between the Group & Dibba Municipality) over the land on which the Thermal Power Plant is located.

h). Assignment of insurance policy over inventories on pari passu basis.

i). General assignments of trade receivables in favor of the bank.

j). Registered mortgage and assignment of insurance policy over specific machinery upgraded.

k). Promissory note.

l). As at 31 December 2023, the Group failed to meet the below financial covenants as per bank facility letters:

Dubai Islamic Bank

To maintain minimum tangible net worth of not less than AED 780 million.

Emirates NBD

The ratio of EBITDA to debt services in respect of any relevant testing period shall not be less than 1.1:1.

National bank of Fujairah

To maintain leverage ratio not exceeding 1.5:1 or below.

Abu Dhabi Commercial Bank

Tangible net worth must not be less than AED 830 million.
Total liabilities to tangible net worth ratio must not be more than 1.20:1.
Total debt to EBITDA ratio must not be more than 8:1.

18 Bank borrowings (continued)

m) Break-up of bank - term borrowings are as follows:

	Maturity date	2023 AED	2022 AED
Loan			
Term loan 1	January 2030	44,920,369	48,248,494
Term loan 2	December 2028	13,187,699	13,187,698
Term loan 3	November 2026	84,807,679	92,807,679
Term loan 4	December 2028	74,400,000	74,400,000
Term loan 5	December 2024	5,589,567	-
Term loan 6	December 2025	31,000,000	35,000,000
Term loan 7	December 2028	60,000,000	-
Term loan 8	June 2026	28,042,864	-
Term loan 9	October 2027	35,000,000	-
Term loan 10	November 2023	-	6,194,291
		376,948,178	**269,838,162**

18 Bank borrowings (continued)

Term loan 1

During 2017, the Group entered into an Islamic financing arrangement (Ijarah) from a bank operating in the United Arab Emirates for AED 114,445,987 to settle the existing term loan. During November 2017, the outstanding balance of AED 101,240,681 were rescheduled to be repaid in 22 equal quarterly installments of AED 3,000,000 each commenced in January 2018 and ending in April 2023 and the remaining amount of AED 35,240,681 to be settled in July 2023. During 2021, the existing Ijarah balance has been refinanced by the same bank to be repaid in 31 equal quarterly installments of AED 1,664,063 commencing from April 2022 and the remaining amount of AED 1,654,728 to be settled in January 2030. During 2023, the existing Ijarah balance has been refinanced by the same bank to be repaid in 6 quarterly installments of AED 1,200,000 commencing from April 2024, followed by 17 Quarterly installments of AED 224,000 and 1 installment of AED 1,304,431 to be settled in January 2030.

Term loan 2

During 2017, the Group entered into an Islamic financing arrangement (Mudaraba) from a bank operating in the United Arab Emirates for AED 30,000,000 of which AED 21,893,199 was drawn down, to finance the upgrade of the raw mill/slag grinding project. Out of the outstanding amount of AED 19,407,168, the Group paid AED 54,391 in January 2020 and the balance is scheduled to be repaid in 27 equal quarterly installments of AED 716,769 each commencing in April 2020 and ending in August 2026. In 30 June 2021, the outstanding amount of AED 15,768,929 is rescheduled to be repaid in 30 quarterly installments commencing from July 2021 and ending December 2028. During 2023, the outstanding amount of AED 13,187,698 is rescheduled to be repaid in 16 quarterly installments of AED 577,000 for 4 years and the remaining AED 3,955,699 in 2028.

Term loan 3

During 2017, the Group was sanctioned this loan from a bank operating in the United Arab Emirates for a maximum amount of AED 209,680,000 of which AED 209,607,679 was drawn down, to refinance the existing liabilities with other banks. Repayment of this loan is in 26 equal quarterly installments of AED 7,700,000 each commenced in May 2018 and ending in August 2024 and the remaining amount of AED 9,407,679 to be settled in November 2024. In September 2021, the outstanding amount of AED 101,807,679 is rescheduled to be repaid in 20 quarterly installments commencing from February 2022 and ending in November 2026. In November 2022, the outstanding amount of AED 94,307,679 is rescheduled to be repaid in 17 quarterly installments commencing from November 2022 and ending in November 2026.

Term loan 4

During 2019, the Group sanctioned and entered into an Islamic financing arrangement (Mudaraba) from a bank operating in United Arab Emirates for AED 100,000,000 to settle existing liabilities with other banks. In 2023, the agreement is renewed and amended. The outstanding of AED 74,400,000 is repayable in 20 quarterly installments, commencing in March 2024 and ending in December 2028.

The installment details are as below:

- 16 installments of AED 3,255,000
- 4 installments of AED 5,580,000

Term loan 5

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 10,000,000 to reschedule the outstanding under short term advance to a medium term loan facility of AED 10,000,000. The loan is repayable in 24 monthly installments commencing from January 2023. The loan is subject to annual review and the next review is due on or before December 2023.

Term loan 6

During the year 2022, the Group sanctioned and entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 35,000,000 to settle the existing short - term loan and trust receipts with the same bank. The loan is repayable in 12 quarterly installments commencing from March 2023 and ending in December 2025.

18 Bank borrowings (continued)

Term loan 7

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 60,000,000 to refinance outstanding conventional short term loans outstanding of AED 60,000,000. The loan is repayable in 20 quarterly installments of AED 3,000,000 commencing from March 2024 and ending on December 2028.

Term loan 8

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 28,042,865 to renew outstanding loan. The loan is to be settled within June 2026. The outstanding is repayable in 8 equal installments of AED 3,505,358.

Term loan 9

During the year 2023, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 37,000,000 to refinance entire outstanding utilisation under credit facility extended by the bank. The loan is repayable in 2 installments of AED 1,000,000 commencing from May 2023, 15 installments of AED 1,750,000 and the remaining amount by October 2027.

Term loan 10

During 2022, the Group entered into a loan agreement from a bank operating in the United Arab Emirates for an amount of AED 9,009,878 to settle the then existing outstanding overdraft facility with the same bank. The loan was fully repaid in 2023.

19 Lease liabilities

Lease liabilities recognized and maturity analysis:

	2023	2022
	AED	AED
Amount due for settlement within 12 months		
Not later than 1 year (shown under current liabilities)	**40,812,593**	28,849,674
Amount due for settlement after 12 months		
Later than 1 year and not later than 5 years	**98,391,019**	112,705,265
	139,203,612	141,554,939

The movement in lease liabilities is as follows:

	2023	2022
	AED	AED
As at the beginning of the year	**141,554,939**	143,242,333
Amortization of interest expense during the year (Note 27)	**3,879,862**	4,137,363
Additions during the year	**67,642**	315,953
Repayment of lease liabilities during the year	**(6,298,831)**	(6,140,710)
As at the end of the year	**139,203,612**	141,554,939

20 Trade and other payables

	2023	2022
	AED	AED
Trade payables	**221,210,634**	125,639,315
Accrued expenses	**6,580,933**	4,948,265
Interest payable	**5,642,249**	2,811,657
Dividends payable	**3,158,634**	3,944,983
Advances from customers	**1,712,825**	711,703
Other payables	**123,365**	764,945
	238,428,640	138,820,868

Presented in the consolidated statement of financial position as:

	2023	2022
	AED	AED
Trade and other payables - non-current	**8,084,280**	29,971,846
Trade and other payables - current	**230,344,360**	108,849,022
	238,428,640	138,820,868

Based on the Cabinet Resolution No. 1/21 of 2023, the Securities and Commodities Authority (SCA) has been appointed to manage the uncollected dividends of locally listed public joint stock companies prior to March 2015 and to transfer the full value of uncollected dividends to the SCA no later than May 21, 2023. Accordingly, during the year, the Entity has transferred the undistributed dividends of AED 786,350 to the SCA's account.

21 Revenue

	2023	2022
	AED	AED
Disaggregation of revenue – at a point in time		
Cement	**177,637,935**	165,971,625
Clinker	**154,572,383**	203,983,811
Sales of ready - mix	**11,598,355**	4,621,786
	343,808,673	374,577,222

21 Revenue (continued)

	2023	2022
	AED	AED
Primary Geographical Markets		
Within U.A.E.	**122,939,392**	144,500,314
Outside U.A.E. - GCC	**104,703,380**	61,833,255
Other countries	**116,165,901**	168,243,653
	343,808,673	374,577,222

22 Direct expenses

	2023	2022
	AED	AED
Cement	**182,682,343**	173,756,243
Clinker	**140,475,858**	182,929,021
Depreciation of property, plant and equipment (Note 6)	**56,886,055**	52,294,504
Depreciation of right-of-use assets (Note 7)	**7,580,505**	7,528,439
Amortisation of intangible assets (Note 8)	**49,903**	38,795
Other direct costs	**11,810,657**	6,529,245
	399,485,321	423,076,247

23 Other income

	2023	2022
	AED	AED
Scrap sales	**899,466**	315,418
Renting of facilities	**798,005**	1,122,050
Refund on early settlement of bank loan	**390,614**	-
Canteen facilities and others	**135,751**	111,053
Exchange rate gain	**6,148**	501,354
Excess gratuity provision written back	**-**	1,317,902
Insurance claim income	**-**	687,170
	2,229,984	4,054,947

24 Selling and distribution expenses

	2023	2022
	AED	AED
Haulage	**13,446,596**	7,358,038
Export expenses	**12,726,798**	2,647,878
Salaries and related benefits	**1,397,598**	1,557,417
Business promotions	**225,862**	121,250
Selling fee and charges	**191,047**	199,537
Travelling expenses	**15,808**	19,233
Others	**109,459**	200,586
	28,113,168	12,103,939

25 General and administrative expenses

	2023	2022
	AED	AED
Provision for spare parts of inventory (Note 10)	**83,699,924**	6,114,492
Impairment loss on property, plant and equipment (Note 6)	**12,962,726**	-
Salaries and related benefits	**6,755,391**	6,384,999
Allowance for expected credit losses (Note 11)	**5,325,409**	11,212,052
Legal, license and professional	**1,688,322**	1,837,679
Medical expenses	**1,547,962**	1,449,361
Provision for penalty on early termination of rental contract	**1,300,000**	-
Demobilization expenses	**750,000**	-
Short term leases	**699,207**	636,222
Communication	**398,320**	364,609
Utilities	**329,540**	381,262
Insurance	**313,217**	359,388
Repairs and maintenance	**259,465**	260,057
Impairment of intangible assets (Note 8)	**160,819**	-
Depreciation on right-of-use assets (Note 7)	**144,256**	128,494
Social contribution	**92,251**	82,865
Travelling	**44,355**	53,950
Others	**188,646**	214,793
	116,659,810	29,480,223

Social contribution mentioned above comprise AED 90,000 (2022: AED 82,865) to the recognized institutions.

26 Factory cost during stoppage

	2023	2022
	AED	AED
Factory cost during stoppage	**-**	9,460,660

26 Factory cost during stoppage (continued)

Factory costs during stoppage represent the unallocated fixed production overheads incurred when the factory was shut down completely temporarily during December 2022. Apart from the normal shutdown costs applicable to the plant, there were no other unallocated fixed production overheads during the year 2023.

27 Finance cost

	2023	2022
	AED	AED
Interest on borrowings (Note 18)	**39,598,594**	25,945,522
Interest expense on lease liabilities (Note 19)	**3,879,862**	4,137,363
	43,478,456	30,082,885

28 Basic and diluted loss per share

	2023	2022
	AED	AED
Loss for the year (AED)	**(265,532,928)**	(143,847,098)
Weighted average number of shares	**355,865,320**	355,865,320
Basic and diluted loss per share	**(0.74)**	(0.40)

29 Financial instruments and risk management

Material accounting policies

Details of material policies and methods adopted including the criteria for recognition for the basis of measurement in respect of each class of financial assets and financial liabilities are disclosed in Note 4 to the consolidated financial statements.

Categories of financial instruments

31 December 2023

	Financial assets	**Financial liabilities**
	Amortised cost	**Amortised cost**
	AED	**AED**
Trade and other receivables (Note 11)	52,821,708	-
Cash and cash equivalents (Note 12)	7,041,775	-
Bank borrowings (Note 18)	-	531,715,593
Lease liabilities (Note 19)	-	139,203,612
Trade and other payables (Note 20)	-	236,715,815
	59,863,483	**907,635,020**

29 Financial instruments and risk management (continued)

31 December 2022

	Financial assets Amortised cost AED	Financial liabilities Amortised cost AED
Trade and other receivables (Note 11)	61,772,447	-
Cash and cash equivalents (Note 12)	1,323,554	-
Bank borrowings (Note 18)	-	564,001,747
Lease liabilities (Note 19)	-	141,554,939
Trade and other payables (Note 20)	-	138,109,165
	63,096,001	**843,665,851**

Fair value measurements

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

Financial risk management objectives

The Group's financial risk management policies set out the Group's overall business strategies and risk management philosophy. The Group's overall financial risk management program seeks to minimise potential adverse effects to the financial performance of the Group. The management carries out overall financial risk management covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk and investing excess cash.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

29 Financial instruments and risk management (continued)

Interest risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

	Effective interest rate	
	2023	**2022**
Bank loans	2.5% p.a. + 3 months EIBOR 3% p.a. + 3 months EIBOR 3.5% p.a. + 3 months EIBOR Finance House Base Rate (13%) minus 5.5% or 7.5% p.a, whichever is higher.	2.75% p.a. + 3 months EIBOR- IRS executed at 2.00% p.a. (fixed) + floating on 3 months EIBOR with strike 1.75% p.a.
Short-term loans	1 month EIBOR + 1.75% p.a. 1 month Term SOFR / LIBOR +1.75% p.a. in respect of USD	1 month EIBOR + 1.75% p.a. 5.5% to 7.5% p.a.
Overdraft	1 month EIBOR + 1.75% to 2.5% p.a.	1 month EIBOR + 1.75% to 2.5% p.a.3 months EIBOR + 3% p.a.
Trust receipts	1 month EIBOR + 1.75% p.a. Applicable LIBOR/Term SOFR plus 3%p.a in respect of USD 6 months EIBOR + 1.75% p.a.	1 month EIBOR + 1.75% to 2.30% p.a.3 months EIBOR + 3% p.a. 9 months EIBOR + 1.75% p.a.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk

The Group does not have any significant exposure to currency risk, as most of its assets and liabilities are denominated in United Arab Emirates Dirham.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has tasked its management to develop and maintain the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate

29 Financial instruments and risk management (continued)

liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

Interest bearing

Particulars	On demand or less than 3 months	Within 1 year	More than 1 year	Total
		As at 31 December 2023		
Financial liabilities				
Bank borrowings	-	230,131,635	301,583,958	**531,715,593**
Lease liabilities	-	40,812,593	98,391,019	**139,203,612**
	-	**270,944,228**	**399,974,977**	**670,919,205**

Non-interest bearing

Particulars	On demand or less than 3 months	Within 1 year	More than 1 year	Total
		As at 31 December 2023		
Financial assets				
Trade and other receivables	-	52,821,708	-	**52,821,708**
Cash and cash equivalents	7,041,775	-	-	**7,041,775**
	7,041,775	**52,821,708**	**-**	**59,863,483**
Financial liabilities				
Trade and other payables	-	228,631,534	8,084,280	**236,715,814**

29 Financial instruments and risk management (continued)

Particulars	Interest bearing			
	On demand or less than 3 months	Within 1 year	More than 1 year	Total
	As at 31 December 2022			
Financial liabilities				
Bank borrowings	-	329,963,126	234,038,621	**564,001,747**
Lease liabilities	-	28,849,674	112,705,265	**141,554,939**
	-	**358,812,800**	**346,743,886**	**705,556,686**

Particulars	Non-interest bearing			
	On demand or less than 3 months	Within 1 year	More than 1 year	Total
	As at 31 December 2022			
Financial assets				
Trade and other receivables	-	61,772,447	-	**61,772,447**
Cash and cash equivalents	1,323,554	-	-	**1,323,554**
	1,323,554	**61,772,447**	**-**	**63,096,001**
Financial liabilities				
Trade and other payables	-	108,137,319	29,971,846	**138,109,165**

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance and complying with statutory requirements.

	2023	2022
	AED	AED
Debt	**531,715,593**	564,001,747
Cash and cash equivalents	**(7,041,775)**	(1,323,554)
Net debt (i)	**524,673,818**	562,678,193
Equity (ii)	**421,842,509**	687,375,437
Net debt to equity ratio	**5:4**	5:6

30 Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9% corporate tax rate.

The Corporate Tax regime will become effective for the accounting periods beginning on or after 1 June 2023 hence for the Group it will be effective from 1 January 2024. While a number of regulations with regards to the application of tax legislation have been further published, clarifications in relation to certain key aspects such as foreign tax credits are pending and as such management will continue to monitor developments in order to assess the impact of corporate tax including any deferred tax on the Group.

31 Reclassification

During the year, management has had to reclassify 2022 balances within the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income, to provide a better understanding of the operations.

32 Contingent liabilities and lease commitments

	2023	2022
	AED	AED
Lease commitments	**-**	-
1 year	**24,186,808**	26,138,277
2 - 5 years	**83,588,976**	92,319,777
6 - 10 years	**55,885,417**	72,570,172
10 years above	**-**	4,846,238
Capital commitment on capital work-in-progress	**2,097,250**	497,817
	165,758,451	196,372,281

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liabilities and lease commitments on the Group's consolidated financial statements as of reporting date.

33 Events after the reporting period

The Board of Directors, at the meeting held on 09 January 2024, decided to terminate the operations of the subsidiary with effect from 01 February 2024.

صناعات أسمنت الفجيرة

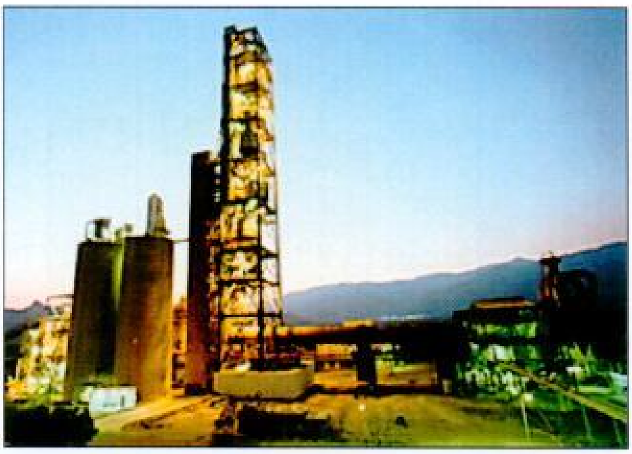
(شركة مساهمة عامة)

تقرير حوكمة الشركة السنوي

٢٠٢٣

Annual Corporate Governance Report

2023



للإطلاع على تقرير الحوكمة للشركة عن عام ٢٠٢٣ بالمواقع الإلكترونية الآتية:-

To view Governance report of the Company for the year 2023 please visit the following websites:-

- صناعات أسمنت الفجيرة
- سوق أبوظبي للأوراق المالية

www.fujairahcement.com
www.adx.ae

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HEAD OFFICE
P.O. Box : 600, FUJAIRAH
UNITED ARAB EMIRATES
Tel.: 09-2223111
Fax: 09-2227718
Email:hofci79@fciho.ae
Email:hofci79@fujairahcement.com
Web Site: www.fujairahcement.com : موقع على الإنترنت
المكتب الرئيسي المكتب الرئيسي
ص.ب : ٦٠٠ - الفجيرة
الإمارات العربية المتحدة
تليفون: ٠٩-٢٢٢٣١١١
فاكس: ٠٩-٢٢٢٧٧١٨
البريد الالكتروني: hofci79@fciho.ae
البريد الالكتروني: hofci79@fujairahcement.com

Governance Report
2023

1- Implementation of the corporate governance system in the Company during the year 2023: -

In light of the increasing importance of the application of governance in economic activity, the members of the Company's board of directors were keen to apply the highest standards of corporate governance by reviewing and following up the Company's governance framework and ensuring its integrity in order to achieve better returns for shareholders and the sustainability of the Company's business for the long term, the Company's corporate governance framework is based on the regulations and laws in force in the United Arab Emirates. (Federal Law No. 32/2021 on Commercial Companies and Securities and Commodities Authority Board Resolution No. 3/ Chairman. for the year 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments) The Board was keen to ensure the efficiency of performance in the decision-making process, and the Board allocated sufficient time to ensure that the Company's strategy and vision are aligned with the aspirations of shareholders.

The Board of Directors shall conduct evaluations of its performance and the performance of its committees on an annual basis, presenting the results in the form of a report that includes recommendations to improve performance when necessary, in addition to a follow-up action plan.

Based on the belief of Fujairah Cement Industries (PJSC) that compliance with the rules and standards of governance and their application contributes mainly to directing and monitoring the work of companies at the highest level to ensure the achievement of their objectives and meet the necessary standards of responsibility, integrity and transparency.

The Board of Directors sought to provide wise leadership, strategic supervision and the appropriate control environment, as well as commitment to integrity and responsibility in the implementation of all activities, and the application of the highest standards of governance as a basis for fulfilling its responsibilities towards the Company.

The implementation of the governance system with its advantages contributed to driving change and restructuring. This promotes the improvement of performance and continuity, reduces risk, and supports responsibility and transparency. The company has committed to applying the rules of disclosure and transparency in order to enhance confidence in accordance with the rules and standards it follows in its practice of the concepts of sound management and governance principles, and this ensures the preservation of the Company's interests and the protection of shareholders' rights, and applies governance practices in light of the regulations and instructions of the competent authorities. This is to raise the level of administrative organization and financial control due to the great importance of this in preventing the financial system from crises and providing protection for shareholders, as well as what is related to enhancing transparency because of the utmost importance for the Company's shareholders.

The Board of Directors of the Company implements the decision of the Chairman of the Board of Directors of the Authority No. (3/Chairman) for the year 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

FACTORY : P. O. Box :11477, Dibba, Fujairah
U.A.E.
Tel. : 09-2444011
Fax : 09-2444016, 2444061
Email: fujcem82@eim.ae
المصنـــع : ص.ب : ١١٤٧٧ - دبا الفجيرة
الإمارات العربية المتحدة
هاتف : ٠٩-٢٤٤٤٠١١
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البريد الالكتروني : fujcem82@eim.ae

HEAD OFFICE
P.O. Box : 600, FUJAIRAH
UNITED ARAB EMIRATES
Tel.: 09-2223111
Fax: 09-2227718
Email:hofci79@fciho.ae
Email:hofci79@fujairahcement.com
Web Site: www.fujairahcement.com : موقع على الإنترنت
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البريد الالكتروني: hofci79@fciho.ae
البريد الالكتروني: hofci79@fujairahcement.com

2- A statement of the ownership and the dealings of the members of the Board of Directors, their spouses and children in the Company's securities during the year 2023.

Name	Position/Kinship	Shares owned on 31/12/2023	Total sales	Total purchases
Sheikh / Mohamed bin Hamad bin Saif Al Sharqi	Chairman of Board of Directors	No	No	No
Mr. Saad Abdullah Hussain Al-Hanyan	Vice Chairman	No	No	No
Mr. Abdul Ghafour Hashem Behroozian	Board Member	17,849	No	No
Mr. Mohamed Sherief Habib Mohamed Rafi Al Awadi	Board Member	No	No	No
Mr. Salem Mohammed Abdulla Mohammed Al-Zahmi	Board Member	No	No	No
Mr. Khalid Abdulwahab Yousef Ahmed Al-Muhaidib	Board Member	No	No	No
Mrs. Maryam Abdulla Mohammed Obaid Al Matrooshi	Board Member	No	No	No
Mr. Abdullatif Saad Abdullatif Al-Dossary	Board Member	No	No	No
Mr. Mohammed Saeed Mohammed Al-Duwaisan	Board Member	63,250	No	No
Mr. Dhari Salfiq Ayed Al-Masoudi Al-Shammari	Board Member	No	No	No
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Board Member	No	No	No

The Board of Directors deals in securities in accordance with Article (14) of the Authority's Board of Directors Resolution No. (2) of 2001 regarding the Regulations on Trading, Clearing, Settlements, Transfer of Ownership and Custody of Securities.

- The Chairman and members of the Board of Directors, its General Manager or any of the employees familiar with the material information of the Company shall be prohibited from dealing, by himself or for his own account or by third parties or in any other capacity for the account of others, in the securities of the same company or the parent, subsidiary, sister or affiliate company if any of these companies are listed on the Exchange during the following periods: -

- Ten (10) working days before the announcement of any material information, unless such information is the result of emergency and sudden events.
- Fifteen (15) days before the end of the quarterly, semi-annual or annual financial period and until the disclosure of the financial statements-
- **(3) the formation of the Board of Directors.**

  The Board of Directors elected (acclamation) at the Annual General Assembly Meeting on 19/04/2023 and the General Assembly Meeting on 25/05/2023 (for the period 2023:2025).

FACTORY : P. O. Box :11477, Dibba, Fujairah
U.A.E.
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Name	Category	Position	Qualifications	Their memberships and positions in any other joint stock companies	Positions in any other important supervisory, governmental or commercial positions	Membership
Sheikh / Mohammed bin Hamad bin Saif Al Sharqi	Non-executive and independent	Chairman of the Board of Directors	Master of Project Management	—	Director of E-Government Department – Fujairah – Representative of the Government of Fujairah	2008
Mr. Saad Abdullah Hussain Al-Hanyan	Non-executive and independent	Vice Chairman	University Degree	Chairman of Bait Company - Vice Chairman of the Board of Directors of Saudi Projects Holding Group	—	2008
Mr. Abdul Ghafoor Hashem Bahrozian	Non-executive and independent	Member	University Degree	Chairman of Fujairah National Insurance	Government Business - Fujairah Government Representative	1980
Mr. Mohamed Sherif Habib Mohamed Raf Al Awadi	Non-executive and independent	Member	University Degree	Member of the Board of Directors of Fujairah National Insurance Company	Director General of the Fujairah Free Zone Authority, Member of the Development and Follow-up Committee of the Fujairah Oil Industry Zone (FOZ)	2017
Mr. Salem Mohammed Abdullah Salem Al-Zahmi	Non-executive and independent	Member	University Degree	Government Business	Director of the Office and Advisor to His Highness the Crown Prince	2023
Mr. Khalid Abdulwahab Yousef Ahmed Al-Muhaidib	Non-executive and independent	Member	University Degree	—	Director of Investment Portfolio Management for Abu Dhabi Development Holding Company – Representative of the Department of Finance, Government of Abu Dhabi	2023
Mrs. Mariam Abdulla Mohammed Obaid Al Matrooshi	Non-executive and independent	Member	University Degree	—	Deputy Director of the Financial Department for Government Financial Affairs – Government of Fujairah. Member of the Board of Directors representing the Emirate at the Federal Export Credit Company. Member of the Board of Directors representing the Emirate at the Federal Tax Authority. Member of the Board of Directors representing the Emirate in the Government Financial Policy Coordination Board.	2023
Mr. Dhari Salfiq Ayed Al-Masoudi Al-Shammari	Non-executive and independent	Member	University Degree	—	Director of Administrative Services Department – Representative of the Islamic Development Bank, Kingdom of Saudi Arabia	2023
Mr. Abdullatif Saad Abdullatif Al-Dossary	Non-executive and independent	Member	University Degree	—	Vice Chairman & CEO - Kefak Brokerage Company – State of Kuwait	2017
Mr. Mohammed Saeed Mohammed Al-Duwaisan	Executive	Member	University Degree	Businessman – State of Kuwait	Former Treasury Manager at the Central Bank of Kuwait	2020
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Non-executive and independent	Member	University	—	Chief Investment Officer – Unicap Investment & Finance – State of Kuwait	2023

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- A statement of the percentage of female representation in the Board of Directors for the year 2023.

The percentage of representation of the female element is 9%.

- Reasons for the non-candidacy of any female element for membership of the Board of Directors.

The percentage of representation of the female element is 9%.

1- Total remuneration of the members of the Board of Directors paid for the year 2022: -

- No remuneration was paid to the members of the Board of Directors for the fiscal year 2022.

2- The total remuneration of the members of the Board of Directors proposed for the year 2023, which will be presented at the annual General Assembly meeting for approval:

- No remuneration will be paid for 2023.

3- A statement of the details of the allowances for attending the meetings of the committees emanating from the Board of Directors and received by the members of the Board of Directors for the fiscal year 2023:

- No allowances were paid to attend the sessions of the committees emanating from the Board for the fiscal year 2023, and the number of meetings of the committees emanating from the Board of Directors is explained in item 4.

4- A statement of the details of the allowances, salaries or additional fees received by the member of the Board of Directors other than the allowances for attending the committees and their reasons:

- No additional allowances, salaries or fees were paid for the fiscal year 2023.

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- A statement of the number of meetings of the Board of Directors for the year 2023, and the number of times of personal attendance:

Board Meeting Attendance Statement 2023							
Name	Position	first 09/03/2023	Second 19/04/2023	Third 25/05/2023	Fourth 10/08/2023	Fifth 12/10/2023	Sixth 13/11/2023
Sheikh / Mohammed bin Hamad bin Saif Al Sharqi	Chairman of the Board	✓	✓	✓	✓	✓	✓
Mr. Saad Abdullah Al-Hanyan	Vice Chairman of the Board	✓	✓	✓	X	✓	✓
Mr. Abdul Ghafoor Hashem Bahrozian	Member	✓	✓	✓	✓	✓	✓
Mr. Khalid Abdulwahab Al Heideb	Member	X	X	✓	✓	✓	✓
Mr. Mohamed Sherif Habib Al Awadi	Member	✓	✓	✓	✓	✓	X
Mr. Salem Mohammed Abdullah Salem Al-Zahmi	Member	X	X	✓	✓	✓	✓
Mrs. Maryam Abdulla Mohammed Obaid Al Matrooshi	Member	X	X	✓	✓	✓	✓
Mr. Dhari Salfiq Ayed Al Masoud Al Shammari	Member	X	✓	✓	✓	✓	✓
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	✓	✓	✓	X	✓	✓
Mr. Mohammed Saeed Mohammed Al-Duwaisan	Member	✓	✓	✓	✓	✓	✓
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Member	✓	✓	✓	X	✓	✓

The number of resolutions of the Board of Directors issued by passing during the fiscal year 2023 with an indication of the dates of their convening.

- The Board of Directors resolved to approve the financial statements for the period ending on 31/03/2023 by passing, on 11/05/2023.

4- Board committees:-

Audit Committee.

(A) An acknowledgment by the Chairman of the Audit Committee of his responsibility for the Committee's system in the Company and for his review of its work mechanism and ensuring its effectiveness.

(B) Mrs. Maryam Abdullah Mohammed Obaid Al Matrooshi, Chairman of the Audit Committee, acknowledges her responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

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(C) Formation of the Audit Committee, its terms of reference and the tasks entrusted to it:

Name	Position	Category	Experiences	Membership
Mrs. Maryam Abdullah Mohammed Obaid Al Matrooshi	Chairman of the Committee	Non-executive and independent	Deputy Director of the Financial Department for Government Financial Affairs – Government of Fujairah. Member of the Board of Directors representing the Emirate at the Federal Export Credit Company. Member of the Board of Directors representing the Emirate at the Federal Tax Authority. Member of the Board of Directors representing the Emirate in the Government Financial Policy Coordination Board.	2023
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	Non-executive and independent	University Degree - Vice Chairman and CEO - Kefak brokerage Company - State of Kuwait.	2017
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Member	Non-executive and independent	University Degree / Investment CEO – Unicap Investment and Finance Company – State of Kuwait.	2023

Objective of the Audit Committee:

To support the role of the Board of Directors in its responsibilities towards representing shareholders in relation to the audit of financial information and corporate governance matters in the Company on a regular basis to ensure the effective use of available resources. In addition to monitoring and following up on the independence and objectivity of the external auditor and reviewing internal control systems.

The above-mentioned Audit Committee carries out all the competencies and tasks stipulated in Article 61 of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

(c) A statement of the number of meetings of the Audit Committee for the year 2023 and the personal attendance of the members:

Name	Position	First Meeting 09/03/2023	Second Meeting 06/06/2023	Third meeting 09/08/2023	Fourth meeting 04/11/2023	Fifth Meeting 12/11/2023
Mrs. Mariam Abdulla Mohammed Obaid Al Matrooshi	Chairperson of the Committee	✓	✓	✓	✓	✓
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	✓	✓	✓	✓	✓
Mr. Yaqoub Musaed Yaqoub Al-Baijan	Member	✓	✓	✓	✓	✓

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*Nomination and Remuneration Committee.

(A) An acknowledgment by the Chairman of the Nomination and Remuneration Committee of his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

- Mr. Abdul Ghafoor Hashem Bahrozian, Chairman of the Nomination and Remuneration Committee, acknowledges his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

(b) Formation of the Nomination and Remuneration Committee.

Name	Position	Category	Experiences	Membership
Mr. Abdul Ghafoor Hashem Bahrozian	Chairman of the Committee	Non-executive and independent	University Degree / Government Business – Chairman of the Board of Directors of Fujairah National Insurance.	1980
Mr. Khalid Abdulwahab Yousef Ahmed Al-Muhaidib	Member	Non-executive and independent	University Degree / Director of Investment Portfolios Department for Abu Dhabi Development Holding Company - Representative of the Department of Finance, Government of Abu Dhabi	2023
Mr. Salem Mohammed Abdullah Salem Al-Zahmi	Member	Non-executive and independent	University Degree / Government Business – Director of the Office and Advisor to His Highness the Crown Prince	2023

Objective of the Nomination and Remuneration Committee:

It is to determine the policies and criteria for nomination for membership of the Board of Directors, with the periodic review of the needs of the capabilities and skills required in the Board, ensuring the independence of independent members, preparing policies for human resources and training, and aspects of conflict of interest in the membership of members on the boards of directors
Other companies, in addition to preparing the policy for granting bonuses, benefits, incentives and salaries for the members of the Board of Directors and employees and reviewing them annually.
The above-mentioned Nomination Committee carries out all the competencies and tasks stipulated in Article 59 of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

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(c): A statement of the number of meetings of the Nomination and Remuneration Committee for the year 2023 and the personal attendance of members:

Name	Position	First Meeting 08/03/2023	Second Meeting 10/08/2023	Third meeting 13/11/2023	Fourth meeting 26/12/2023
Mr. Abdul Ghafoor Hashem Bahrozian	Chairman of the Committee	✓	✓	✓	✓
Mr. Khalid Abdulwahab Yousef Ahmed Al-Muhaidib	Member	X	✓	✓	✓
Mr. Salem Mohammed Abdullah Salem Al-Zahmi	Member	X	✓	✓	✓

* The Committee for the Follow-up of the Supervision of the Company's Insiders' Transactions: -

A- Mr. Khalil Saeed Obaid Al-Nuaimi, Chairman of the Committee for the Follow-up of the Supervision of the Company's Insiders' Transactions, acknowledges his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

B- Names of the members of the Committee:

1- Mr. Khalil Saeed Obaid Al Nuaimi.

2- Mr. Ashraf Abdel Qader El-Sayed

The Committee is responsible for managing, following up and supervising the transactions of insiders and their properties and maintaining a record for them.

C- Summary of the tasks that took place during the year 2023: -

1- Continuous updating of the Company's insiders list on the website of the financial market.

2- Notifying the Company's insiders of the periods of their prohibition on trading on the Company's securities, each at its time.

3- Continuous follow-up of the Company's insider trading movement.

4- Notifying the Authority and the Capital Market of an updated list at the beginning of the fiscal year and in the event of any change.

- The above Committee for the Follow-up of the Supervision of the Company's Insiders' Transactions carries out all the competencies and tasks stipulated in Article 33 of the Authority's Chairman decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

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8- Other committees approved by the Board of Directors.

(A) Acknowledgment by the Chairman of the Risk Committee of his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

- Mr. Mohamed Sherif Habib Mohamed Rafi Al Awadi – Chairman of the Risk Committee, acknowledges his responsibility for the Committee's system in the Company and for reviewing its work mechanism and ensuring its effectiveness.

(b) Risk Committee.

(c) Composition of the Risk Committee.

Name	Position	Category	Experiences	Membership
Mr. Mohamed Sherif Habib Mohamed Rafi Al Awadi	Chairman of the Committee	Non-executive and independent	University Degree / Member of the Board of Directors of Fujairah National Insurance Company - Director General of the Fujairah Free Zone Authority, Member of the Development and Follow-up Committee of the Fujairah Oil Industry Zone (FOZ)	2017
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	Non-executive and independent	University Degree - Vice Chairman and CEO - Kefak Brokerage Company - State of Kuwait.	2017
Mr. Dhari Salfiq Ayed Masoud Alshammari	Member	Non-executive and independent	University Degree / Director of Administrative Services Department - Representative of the Islamic Development Bank, Kingdom of Saudi Arabia	2023

Objective of the Risk Committee:

1- Develop a comprehensive risk management strategy and policies that are consistent with the nature and size of the Company's activities, monitor their implementation, review and update them based on the Company's internal and external variable factors.

2- Identify and maintain an acceptable level of risk that the Company may face, and ensure that the Company does not exceed this level.

3- Supervising the Company's risk management framework and evaluating the effectiveness of the framework and mechanisms for identifying and monitoring risks that threaten the Company to identify areas of inappropriateness and adequacy in them.

4- Provide guidance to management, as needed, to assist it in improving its risk management practices and/or mitigating certain risks, including having qualified management personnel to carry out risk management activities effectively.

5- Obtaining assurance from the executive management and internal audit that risk processes and systems are operating effectively with appropriate controls and adherence to approved policies.

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6- Prepare detailed reports on the level of risk exposure and recommended procedures to manage these risks, and submit them to the Board of Directors.

7- Make recommendations to the Board of Directors on matters related to risk management.

8- Ensure the availability of adequate resources and systems for risk management.

9- Report to the Board of Directors on a regular basis on the size of the risks to the Company and immediately inform the Board of Directors of any material changes in the size of the risks.

10- Verify the independence of risk management staff from activities that may expose the Company to risks.

11- Review any issues raised by the Audit Committee that may affect the Company's risk management.

12- Review the appointment, performance and replacement of the Chief Risk Management Officer, and monitor the effectiveness of the Risk Management Unit in general.

- The above-mentioned Risk Committee carries out all the competencies and tasks stipulated in Article 63 of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

(d) A statement of the number of meetings of the Risk Committee for the year 2023 and the personal attendance of members:

Name	Position	First Meeting 09/06/2023	Second Meeting 08/08/2023	Third meeting 26/10/2023
Mr. Mohamed Sherif Habib Mohamed Rafi Al Awadi	Chairman of the Committee	✓	✓	✓
Mr. Abdullatif Saad Abdullatif Al-Dossary	Member	✓	✓	✓
Mr. Dhari Salfiq Ayed Masoud Alshammari	Member	✓	✓	✓

- **A statement of the tasks and competence delegated by the Board of Directors to the Executive Management (Powers):**

- The Board of Directors has not delegated any of its duties to a member of the Board or the Executive Management.

FACTORY : P. O. Box :11477, Dibba, Fujairah U.A.E.
Tel. : 09-2444011
Fax : 09-2444016, 2444061
Email: fujcem82@eim.ae
المصنــع : ص.ب : ١١٤٧٧ - دبا الفجيرة
الإمارات العربية المتحدة
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فاكس : ٠٩-٢٤٤٤٠١٦ , ٠٩-٢٤٤٤٠٦١
البريد الالكتروني : fujcem82@eim.ae

HEAD OFFICE
P.O. Box : 600, FUJAIRAH
UNITED ARAB EMIRATES
Tel.: 09-2223111
Fax: 09-2227718
Email:hofci79@fciho.ae
Email:hofci79@fujairahcement.com

Web Site: www.fujairahcement.com : موقع على الإنترنت

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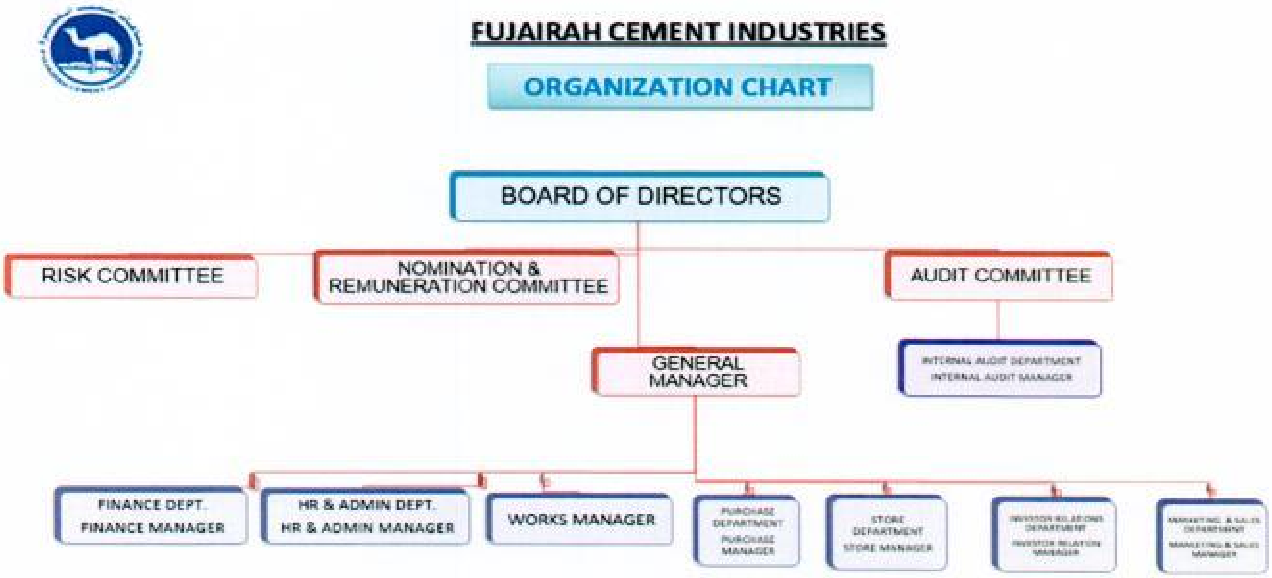
Note that the powers of the executive management: -

- Managing the Company's business and providing guidance to the executive body in line with the Company's strategic objectives, the policies prescribed by the Board of Directors, the provisions of law and the provisions of other legislations related to the Company's business and activities.
- Provide the Board of Directors with accurate periodic reports on the Company's financial conditions, business, and the procedures taken in risk management and the internal control system, in order to enable the Board of Directors to review the objectives, plans and policies set and scrutinize the executive management for its performance.
- Provide recommendations regarding any proposals it deems necessary related to the Company's business - Provide the regulatory bodies, with any information, data and documents required in accordance with the provisions of the law, regulations, instructions and decisions issued pursuant to any of them.

- **Statement of the details of the transactions that took place with the related parties (stakeholders) during the year 2023, clarifying the nature of the relationship, the type of transaction and the value of the transaction.**

There are no transactions with related parties (stakeholders).

(5) The Company's organizational structure as of 31/12/2023.



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- Statement of salaries, allowances and bonuses for senior executives in the Company for the year 2023.

M	Position	Date of Appointment	Total salaries and allowances paid for 2023	Total bonuses paid for 2023	Other cash or in-kind bonuses for the year 2023 or due in the future
1	General Manager	05/07/2023	2,784,267	Nil	Nil
2	Financial Manager	16/05/2021			
3	Factory Manager	18/02/2007			
4	Deputy Factroy Manager	16/12/2012			
5	Marketing & Sales Manager	11/04/2021			
6	HR & Admin Manager	01/09/2016			
7	Investor Relations Manager	19/07/2011			

6-(A)- External auditor.

- Crowe Mac UAE is a leading financial and advisory services firm and has been rated as one of the top 10 accounting networks in the world.
- The Company offers a comprehensive range of services, including audit, tax and consulting solutions, with a focus on commitment to excellence.
- Crowe has received a prominent rating in the Arab countries, demonstrating its influence and reliability in the regional business landscape. With over 40 years of experience in the UAE.
- The global recognition of Crowe highlights its dedication to provide high quality and innovative services in various industries.
- Being part of the global Crowe network, Crowe UAE benefits from international cooperation and expertise. This global reach allows the Company to provide clients with insights and solutions that align with local and global business dynamics.
- Crowe is known for its customer-centric approach, prioritizing customer satisfaction by offering customized solutions and maintaining a strong focus on integrity and professionalism.
- The Company has earned industry recognition for its contributions, and its commitment to excellence is likely to lead to commendable ratings or accolades in the UAE's business and financial sector.

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B- Statement of fees and costs related to the audit or services provided by the external auditor :

Audit Office Name	Crowe Mac
The number of years spent as an external auditor of the Company.	1
Name of Partner Auditor	Zayed Khaled Manyar
The number of years spent by the partner auditor in auditing the Company's accounts.	1
Total audit fees for the financial statements for the year 2023.	196,000 AED
Fees and costs of special services other than auditing the financial statements for the year 2023.	AED 15,424.5 AED 7,712.25
Details and nature of other services provided.	Approving the procedures related to issuing a report to the Securities & Commodities Authority to address the notes on the financial statements. - Procedures regarding the net book value of machinery and business assets.
A statement of other services provided by an external auditor other than the Company's auditor during 2023.	There is no other external auditor

C- There are no reservations included by the external auditor in the interim and annual financial statements for the year 2023.

7- Internal Control System:

- **The Board of Directors acknowledges its responsibility for the internal control system in the Company and for reviewing its mechanism of work and ensuring its effectiveness.**

Fujairah Cement Industries has dedicated an effective internal control department to the Company. It aims to implement an accurate and tight system concerned with providing and developing the effectiveness of management performance and internal control of the Company in terms of continuous audit of operating results, examination of financial records, evaluation of the internal control system, and assistance to senior management in increasing the effectiveness and efficiency of the Company's operations in detecting manipulation and monitoring errors in the Company's financial system.

- The Company's Internal Control Department carries out its work in accordance with Article (68) of the Authority's Chairman Decision No. (3/Chairman) for the year 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

- It shall have sufficient independence to perform its functions and shall report directly to the Board of Directors, which is responsible for the internal control system.

The Company adopts the application of international standards of internal control in order to achieve the required purposes efficiently and at the lowest economic cost, which is represented in the foundations of internal control to ensure the following:

1. Reasonableness and compatibility of information and data.
2. The extent of compliance with policies, plans, procedures, regulations, laws and instructions.
3. The extent to which the Company's assets and property are protected.
4. The extent to which the activities, processes and programs set are in line with the specified purposes and objectives and ensure the extent to which the supervisory bodies implement them in accordance with the set plans and objectives. The Internal Control Department prepares the annual control plan in coordination with the Audit Committee, directors of the concerned departments or heads of other departments of the Company.

The Director of the Internal Control Department shall submit detailed reports to the Board of Directors on the evaluation of the internal control system, provide observations and make proposals to fill the gaps in the internal control system, on a regular basis, when necessary and at any time he deems appropriate in accordance with the requirements of such evaluation.

- With regard to the Internal Control Department's handling of major problems in the Company or those that are disclosed in the annual reports and accounts.

  The Internal Control Department applies the rules of governance and permanent verification of compliance with the provisions of laws and decisions that would fill the gaps in the internal control system by following the following:-

  1. Basic control, including control over financial affairs, operations and risk management.
  2. Ensure the Company's ability to respond to changes in its business and the external environment.
  3. Monitor the extent to which internal systems, procedures and policies are applied and submit the necessary reports to both the Audit Committee and the Board of Directors.

The Control Department did not record any violations or major problems in the Company during 2023.

<u>8- There are no violations committed during the year ending on 31/12/2023.</u>

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9- The Company's cash and in-kind contribution during the year 2023 to the development of the local community and the preservation of the environment.

The contributions of Fujairah Cement Industries towards society and the environment vary to include in-kind and monetary contribution in various fields that support the sustainability of individuals, environment and society:

- **Cash contributions: -**
  As a Part of Corporate Social Responsibility, FCI supported Dibba Municipality, FNRC and Fujairah Municipality in various activities.

For Climate Risk Mitigation, FCI invested proactively on the following issues:-

- Emirates Red Crescent, Fujairah for drinking water initiatives: 10,000 AED
- Fujairah Natural Resources Corporation(FNRC) in Mining Exhibition: 15,000 AED.
- Tough Muddler Event, Fujairah: 5000 USD
- Fujairah Natural Resources Corporation(FNRC) for Innovation Land 2023-10,000 AED.
- Green Belt Development (Climate Resilient Tree Plantation) in FCI & Camp Accommodations: 25,000 AED
- The 8th Fujairah International Mining Forum, 26-28 September 2023, Fujairah was organized by FNRC. FCI was a gold sponsorer for this event and donated 50,000 AED.
- The COP 28 initiative Showcase at Dibba Municipality, on 21st November-2023.

- **In-kind contributions:-**
- FCI donated 1000 Nos OPC Cement Bags for Graveyard Affair's, Fujairah.
- FCI provided upskilling of UAE Nationals/Engineering Graduates of UAE University and Higher College of Technology of different technical specializations. The programme is aligned with FCI's commitment to support the UAE government effort to increase Emiratization.
- FCI sprayed dust suppression chemical on the unpaved roads connecting FCI quarry and inside the factory to minimized volatility of dust and soil for conserving the environment.
- FCI undertakes to always fulfill its obligations to foster a healthy safety culture for all staff.
- FCI is committed to keep Good Housekeeping in the factory and surrounding area the factory.
- Emission monitoring instrument has been installed for measuring dust emission in the air and notify Fujairah Environmental Authority(FEA), Fujairah Natural Resources Corporation(FNRC) and Ministry of Climate Change & Environment (MOCCAE) of data as to make cement Industry more environment friendly.

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FUJAIRAH CEMENT INDUSTRIES P.J.S.C

صناعـــات أسمنــت الفجـــيرة ش.م.ع

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P.O. Box : 600, FUJAIRAH
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البريد الالكتروني: hofci79@fciho.ae
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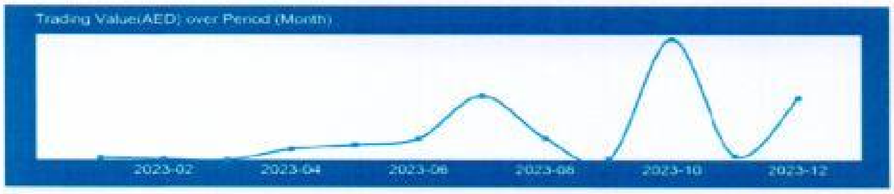
Web Site: www.fujairahcement.com : موقع على الإنترنت

10- General Information:

A- Monthly share price statement for 2023

ADX **Symbol Trade Log -** FCI-Fujairah Cement Industries

From Jan 1, 2023 **To** Dec 31, 2023 **Generated** 2024-Jan-25 15:47



Total	
Value (AED)	2,126,267.68
Volume	5,781,471
Trades	679

Reglar Trades

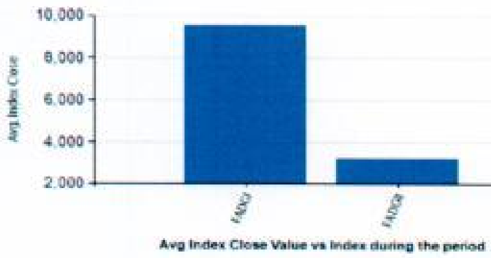
Year	Month	OPEN (AED)	CLOSE (AED)	HIGH (AED)	LOW (AED)	Value (AED)	VOLUME	TRADES	Change	% Change
2023	01	0.483	0.470	0.485	0.434	19,163.62	41,907	22	(0.013)	(2.69)
2023	02	0.470	0.489	0.490	0.344	9,002.23	22,146	13	0.019	4.04
2023	03	0.449	0.450	0.450	0.441	2,755.86	6,192	11	(0.039)	(7.98)
2023	04	0.405	0.410	0.440	0.369	74,948.28	184,953	24	(0.040)	(8.89)
2023	05	0.369	0.408	0.410	0.336	102,004.29	273,754	33	(0.002)	(0.49)
2023	06	0.371	0.398	0.405	0.365	143,785.71	385,033	51	(0.010)	(2.45)
2023	07	0.385	0.400	0.405	0.366	415,713.14	1,040,268	116	0.002	0.50
2023	08	0.393	0.371	0.405	0.361	146,106.33	381,664	43	(0.029)	(7.25)
2023	09	0.400	0.392	0.400	0.365	8,775.13	22,858	11	0.021	5.66
2023	10	0.392	0.310	0.392	0.292	771,472.37	2,362,138	206	(0.082)	(20.92)
2023	11	0.313	0.345	0.355	0.313	30,146.63	88,292	36	0.035	11.29
2023	12	0.340	0.400	0.500	0.340	402,394.09	972,186	113	0.055	15.94
						2,126,267.68	5,781,471	679		

All Daily Reports shall be provided by ADX on daily basis and should be considered as full and final at 4pm, ADX is not responsible for any information prior to this

B- Comparative performance statement of the Company's share with the general market index and the sector index for the year 2023

ADX **Index Summary**

From Jan 1, 2023 **To** Dec 31, 2023 **Generated** 2024-Jan-25 16:17



Index	Year	Open	High	Low	Close	Highiest Close	Lowest Close	Change %	Change
FTSE ADX GENERAL INDEX(FADGI)	2023 - 2023	10,211.090	10,315.720	9,219.640	9,577.850	10,287.820	9,236.850	(6.201)	(633.240)
FTSE ADX INDUSTRIALS INDEX(FADGII)	2023 - 2023	4,028.640	4,085.150	2,925.110	3,271.410	4,037.490	2,936.250	(18.796)	(757.230)

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U.A.E.
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البريد الالكتروني : fujcem82@eim.ae

C- Shareholders' Ownership Distribution Statement on 31/12/2023

Shares Classification	Individuals	Companies	Government (Fujairah)	Total
local	76,220,963	5,954,586	82,598,175	164,773,724
Arabic	53,507,350	129,735,348	-------------	183,242,698
Foreign	3,069,553	4,779,345	-------------	7,848,898
Total	132,797,866	140,469,279	82,598,175	355.865.320

D - Statement of shareholders who own 5% or more of the Company's capital on 31/12/2023.

	Number of shares	Percentage to capital
Government of Fujairah	82,541,250	23.195%
Nasser Ali Muhammad Khammas Al-Yamahi	59,635,524	16.771%
Wafra International Investment Company/Clients	40,753,991	11.452%
National Investment Corporation Company	28,204,323	08.138%
Islamic Development Bank	25,300,000	07,109%

E- Statement of the distribution of shareholders according to the size of the ownership as at 31/12/2023.

No.	Share Ownership (Shares)	Number of Shareholders	Number of owned shares	Percentage of owned shares to capital
1	Less than 50,000	1330	8,017,524	2.25%
2	From 50,000 to less than 500,000	161	24,338,402	6.84%
3	From 500,000 to less than 5,000,000	35	50,589,936	14.22%
4	More than 5,000,000	9	272,919,458	76.69%
Total		1535	355,865,320	100%

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F- Statement of the measures taken regarding investors' relations' controls.

- Accountant / Ashraf Abdel Qader Al-Sayed has been appointed as a competent official for all tasks related to the Investors' Relations' Department and enjoys the requirements stipulated in Article (51) paragraph (1) of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.
- The website of Fujairah Cement Industries has been fully updated to become in Arabic and English, and a special page has been allocated for investors' relations and it is being updated and maintained continuously and in line with international standards, and includes all means of communication with the Investors' Relations' Department.
- Fujairah Cement Industries is committed to publishing the information and data disclosed to The Regulatory Authorities, markets or the public on its website.
- Means of communication of the Investors' Relations' Department: -
  Tel: 330/0097192444011, P.O. Box: 600 Fujairah.
  Email :- hofci79@fciho.ae.
  E-mail :- hofci79@fujairahcement.com.
- Link to the investor relations page on the website of Fujairah Cement Industries:-
  www.fujairahcement.com/ar/fci/investor-relations-ar
  www.fujairahcement.com/fci/investor-relations

The above-mentioned Investors' Relations' Department performs all the competencies and tasks stipulated in Article 51 of the Authority's Chairman Decision No. (3/Chairman) of 2020 regarding the adoption of the Governance Manual for Public Shareholding Companies and its amendments.

(G) A special decision to amend the Articles of Association to comply with Federal Decree-Law No. 32 of 2021 on Commercial Companies.

(H) The name of the rapporteur of the meetings of the Board of Directors and the date of his appointment.

- Abdullah Ahmed Ali Al-Humaidi – 01/02/2021.

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(I) Material events during the year 2023.

- FCI and ThyssenKrupp Polysius, signed an agreement on 3rd December-2023, during the COP28 UAE in Expo City Dubai.
- The use of Alternate Raw Material/Fuel is amounted to 10.84%.
- The CO_2 reduction per year from tree plantation in the campus is around 326.25 tonnes/ annum.
- FCI registered the least consumption (40 kW/hr./ton) of Cement mill.
- The share of Waste Heat Recovery power generation is 19.71% of the total power requirement, leading to reduction in carbon emission.
- Due to ABB power management system, FCI has reduced the dependency on electricity, supplied by Etihad Electricity & Water Authority.
- Renewal of accreditation Certificates: ISO 9001:2015 Quality Management System, ISO 45001:2018 Safety Management System
- Distributing Iftar meals for fasting people in cooperation with the Bait Al Khair Society & Fujairah Charitable Foundation.
- FCI participated in UAE HR Summit-2023, in Dubai.
- FCI participated in FL Smidth UAE Seminar 2023 in Rashalkhema.
- Celebration of National Events in FCI: National Flag Day, 52nd National Day.
- Training workers inside the factory pertaining to Fire Fighting through mock drills and Tool Box meeting.
- FCI was felicitated by UAE Al Ain University, for their support in the process by developing young & future professionals by providing a precious internship opportunity to UAEU students in the academic year 2022-23
- FCI participated in Seminar on "Protective Gear for Cement Industry" on 21st September-2023, Rashalkhema, organized by M/s Scientechnic.
- FCI participated in COP 28 Kick Off meeting, organized by Fujairah Environmental Authority.

(J) Statement of the transactions made by the Company with related parties during the year 2023, which are equal to 5% or more of the Company's capital.

Nil.

(K) Emiratization rate: -

1- **Emiratization rate for 2021: 15%.**
2- **Emiratization rate for 2022: 15%.**
3- **Emiratization rate for the year 2023: 15%.**

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فاكس : ٠٩-٢٤٤٤٠١٦ , ٠٩-٢٤٤٤٠٦١
البريد الالكتروني : fujcem82@eim.ae

(L) - Innovative projects and initiatives carried out by the Company: -

- By the FY 2024, FCI will be implementing state of art technology from Thyssen Krupp (Polysius) Germany, to enhance the waste utilization capacity and thereby increasing utilization of carbon dust, wooden chips and Municipal Waste-RDF in Cement kiln while reducing consumption of fossil fuel and reduction in carbon footprint. This is in line with UAE Net-Zero 2050 Strategy. The expected substitution of RDF is between 20-25%.
- FCI has started the Jumbo Bag (2 ton) project to produce 24 bags/hr. (Phase-1) and 24 bags/hr. (phase-II) with a storage capacity of 13,230 bags in two layers for exporting cement to USA and other countries.
- FCI has more than 15000 Climate resilient plants in the campus. It raises the amount of oxygen, cools the surroundings by 3°C and help mitigate the carbon emission to 326.25 tonnes/ annum. This will also support to achieve the goal for limiting the increase in global temperature to 1.5° C, relative to pre-industrial average.
- Some of the future Decarbonization projects, which are in pipeline are as follows:
  - Setting up of Hybrid Solar Power Plant (7-8 MW)
  - Project RDF (Refused Derived Fuel).
  - Project Carbon Capture.

Peace, mercy and blessings of God be upon you.

Internal Auditor	**Chairman of the Nomination and Remuneration Committee**	**Chairman of the Audit Committee**
Signature/	**Signature/**	**Signature/**

Chairman of the Board of Directors
Signature

- **To view the Company's corporate governance report for the year 2023 on the following websites:**

– Fujairah Cement Industries www.fujairahcement.com
– Abu Dhabi Securities Market www.adx.ae

SUSTAINABILITY REPORT-2023

(ENVIRONMENTAL, SOCIAL & GOVERNANCE DISCLOSURE-2023)

FUJAIRAH CEMENT INDUSTRIES PJSC
P.O BOX:11477,DIBBA, FUJAIRAH
UNITED ARAB EMIRATES

Chairman’s Message

Sheikh Mohammed Bin Hamad Bin Saif Al Sharqi

Sustainability is at the heart of our business and central to the trust placed in our company by customers, employees, suppliers and partners alike. I am proud of the actions that Fujairah Cement Industries PJSC are supporting the vision of COP 28 for manufacturing low carbon cement to drive long-term value to our stakeholders.

We would like to thank our shareholders and stakeholders for their support in the execution of our strategy to deliver on growth and profitability, to strengthen our competitiveness and to secure the long-term sustainability of our business.

General Manager’s Message

Eng. Saeed Ahmed Ghareib Howaishil Al Sereidi

On behalf of Fujairah Cement Industries PJSC, I am pleased to present the sustainability report for the year-2023.This report reflects our approach to COP28, Decarbonization and focuses on topics that are most material to our business and stakeholders. Environmental performance and cost-efficiency are closely linked for our business. I am also pleased to report that during 2023 we were able to progress across all four of our environmental key performance indicators: greenhouse gas emissions, electricity and energy consumption, water usage and solid waste management.

TABLE OF CONTENT

S.No **Topic**

1.0: Environmental Stewardship & Decarbonization

Fujairah Cement Industries (FCI) is a Public Joint Stock Company was established in the Emirate of Fujairah, on 20th December 1979, with the paid capital of AED 555 million, according to Govt. of Fujairah Decree No: 3/79 issued by His Highness Sheikh Hamad Bin Mohammed Al Sharqi, Member of the Supreme Council of UAE and the Ruler of Fujairah. Sheikh Mohammed Bin Hamad Bin Saif Al Sharqi is the Chairman of the Company and Eng. Saeed Ahmed Ghareib Howaishil Al Sereidi is the General Manager. FCI is a consortium of Govt. of Fujairah, Government of Abu Dhabi, Islamic Development Bank, and shareholders from UAE and other GCC countries.

At present situation FCI is one of the modern and largest cement plant of the UAE with a production capacity of 4 million tons of clinker per annum and 2.4 million tons of cement per annum and an annual turnover of over AED 600 million.

Since the inception Fujairah Cement Industries PJSC recognizes that its operations have environmental impacts and strives towards continual improvement in our manufacturing processes to reduce those impacts. Our industry has a long-standing history of responding to environmental challenges by developing and implementing innovative technologies and processes.

Sustainability creates and maintains the conditions under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic and other requirements of present and future generations.

Through this Sustainability report we aim to demonstrate what CSR/ ESG/ sustainability reporting done responsibly means. Essentially, it means:

a) Identifying a company's most important impacts on the environment, economy and society, and

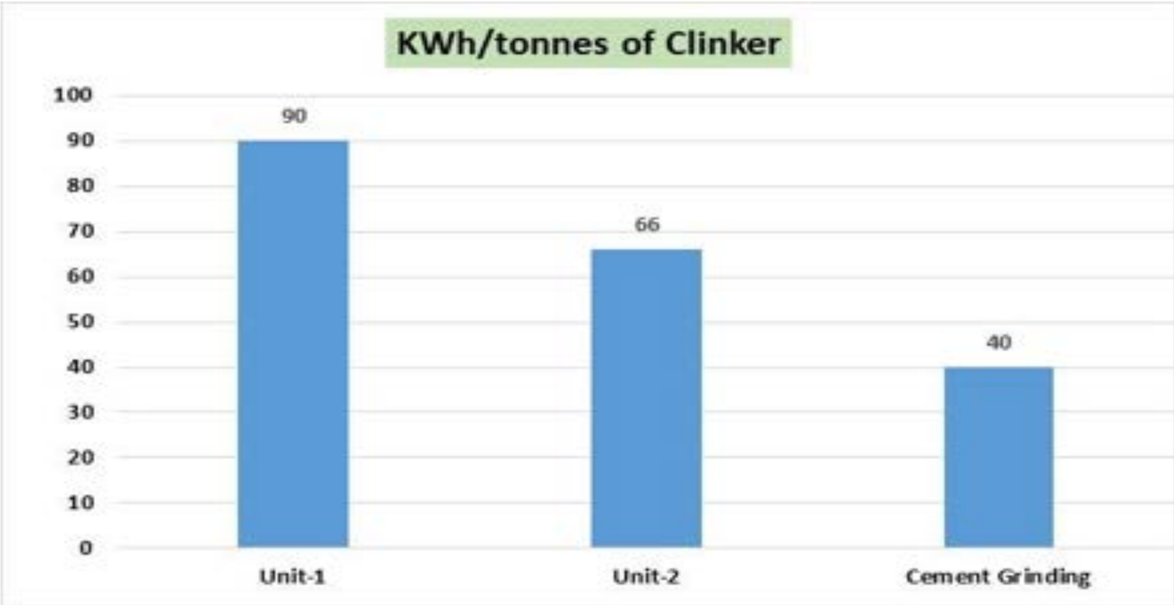
b) Measuring, Managing and Changing.

Value generation and selling of Clinker and Cement is a top priority for Fujairah Cement Industries PJSC, which manages and measures its value creation along four pillars: People, Planet, Prosperity, and Governance.

1.1 Carbon Reduction Management

FCI is committed to reduce Green House Gas (GHGs) Emissions by using Alternate Fuels, in the framework of UN convention on Climate Change. A total Green House Gases emission is 1818 Gg of CO_2 per annum for the year 2023. A total GHG emission per tons of Clinker is 0.910 kg of CO_2.

The top management of FCI also supports the **UAE Net Zero by 2050 Strategy**-the first Middle East and North Africa (MENA) country to set a target to achieve net-zero emissions. It significantly boosts the scope for more sustainable developments across the country to protect the natural economy, and further burnishes the UAE's global standing as a future-ready destination for investments.



Upholding the goal of **"Zero Waste, Zero Pollution, and Zero Emission."** FCI introduced certifications of International standards, including ISO 14001:2015 Environmental Management System, ISO-45001:2018 Occupational Health & Safety Management System and ISO-9001: 2015 Quality Management System to improve its product, energy, and water resource and waste management performances. With standards above the regulatory levels, FCI assesses eco-friendly and energy-efficiency improvement solutions for processes.

FCI is committed to reduce Green House Gas (GHGs) Emissions by using alternate fuels/materials, in the framework of UN convention on Climate Change. FCI has initiated to use alternative fuel in the production activities in confirmation to the commitment to sustainability and supporting the development of a circular economy through an effective and long-term waste management solution in line with the UAE Circular Economy Policy 2021-2031.

FCI Team headed by Our General Manager Mr. Saeed Ahmad visited the COP28, Dubai.

1.2 Air Emission Management

FCI is committed to keep Good Housekeeping in the factory and surrounding area the factory. Emission monitoring instrument has been installed for measuring dust emission in the air and notify Fujairah Environmental Authority(FEA), Fujairah Natural Resources Corporation(FNRC) and Ministry of Climate Change & Environment (MOCCAE) of such readings as to make cement Industry more environment friendly.

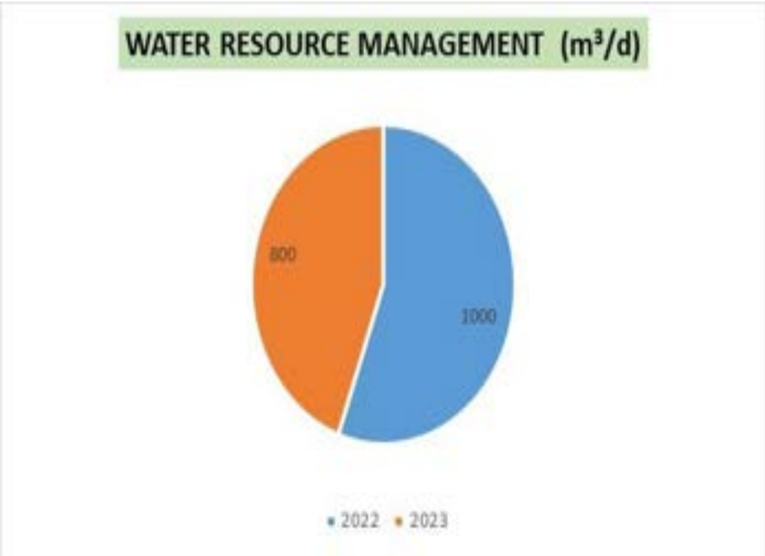
We also support **Environment Vision 2030 (Abu Dhabi)** thru these priority areas:

- **Climate Change:** Minimizing the negative environmental impacts and initial outlays.

- **Clean Air and Noise Pollution:** Contributing to safe and healthy living conditions.
- **Water Resources:** Efficient Management & conservation of water resources.
- **Waste Management:** Enhanced value creation by through optimized materials and operations, utilization of modern alternative fuels and proper waste management.

1.3 Water Resource Management

The total water requirement for the facility is depicted below:



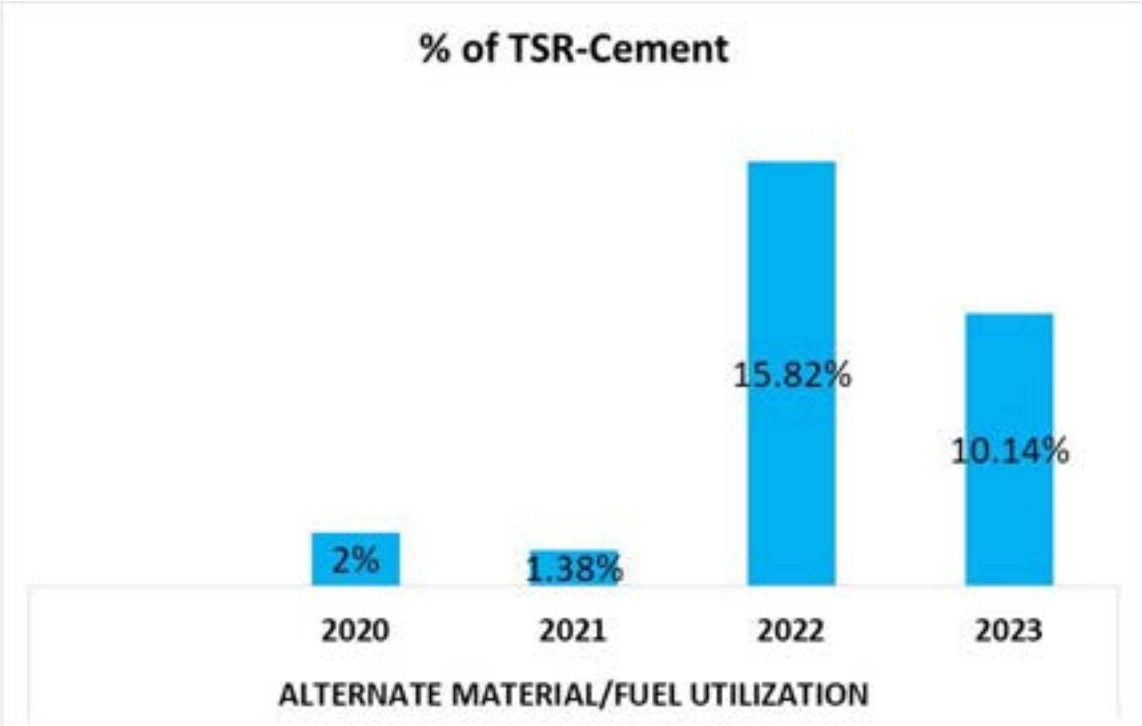
The water for industrial purposes is being used for, Process Cooling, Boiler make up, cooling tower make up and dust suppression for the activities in the cement plant.

Domestic wastewater is being collected in septic tank and disposed through Tankers of Dibba Municipality.

1.4 Raw Materials Management

FCI proactively reduces mining and procurement of natural materials and studies the use of waste resources as recycled materials. Through the development of low-carbon cement and improvement of alternative fuel/material usage, we reduce the consumption of natural resources in the manufacturing process.

FCI has corresponding plans for the mix proportion of cement products and equipment modification, increasing the usage of recycled materials as well as alternative materials/fuels.

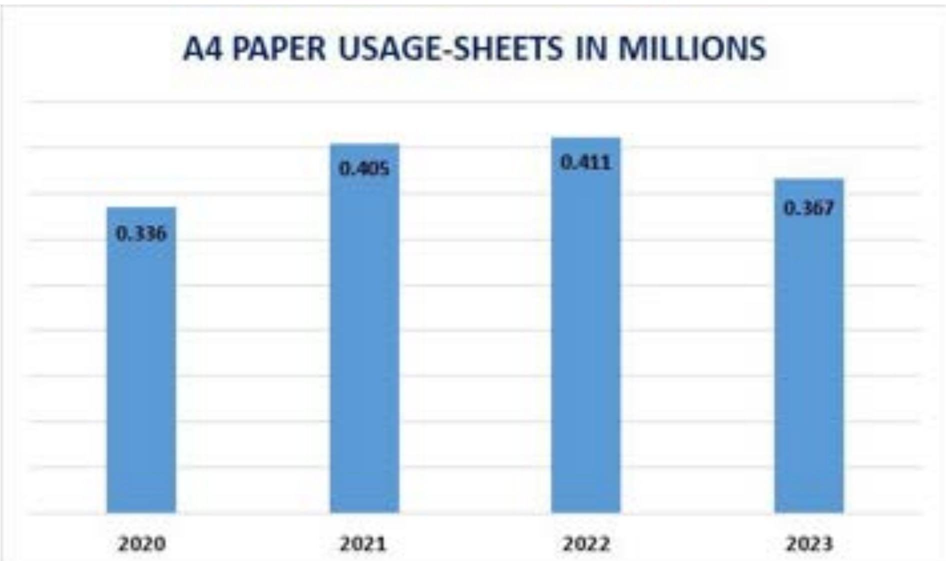


1.5 Waste Management

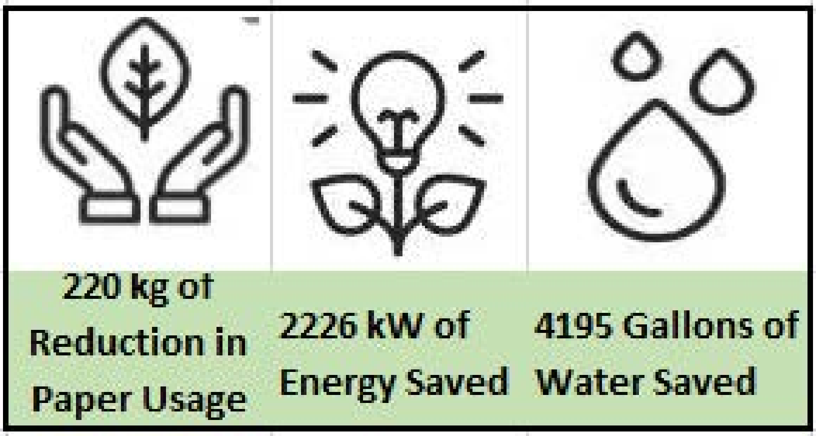
The waste at FCI includes the domestic wastes generated from employee activities, garbage, tree leaves, used tires, waste lubricating oils from maintenance, waste refractory bricks etc. The garbage is shifted to Dibba Municipality Material Sorting facility at Dibba. Other recycled materials and turned into harmless reusable resources through high temperature in the cement kilns.

WASTE KILN BRICKS RE-USE

Used Tyre Cutting as a Waste Fuel



10.7% of A4 sheets reduction in usage for the year 2023. The employees embraced the concept of $3R^s$ (i.e. Reduce, Re-use & Recycle) and supported the resource conservation policy of FCI.



2.0: Resource Recycling and Circular Economy

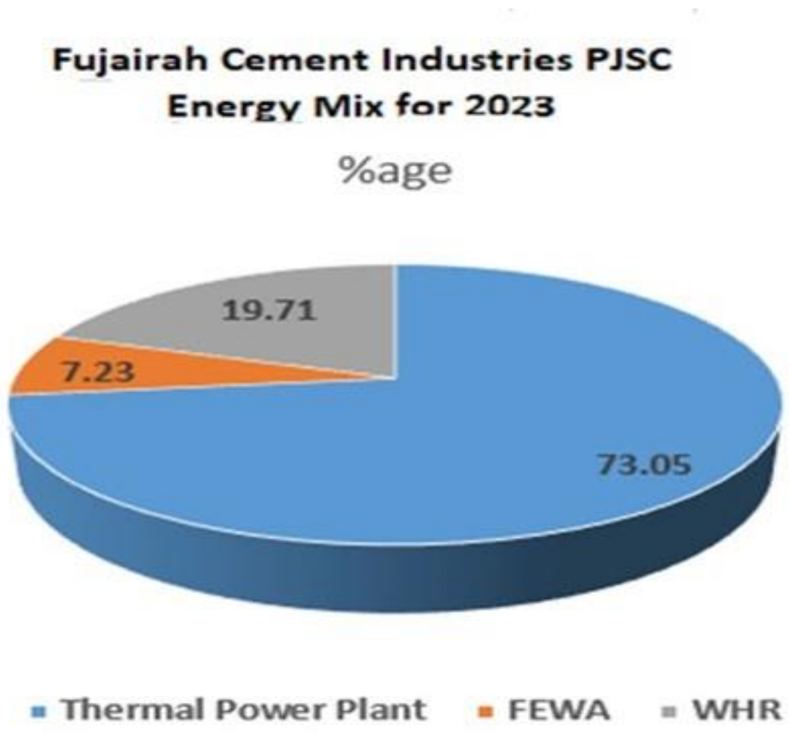
2.1 Low Carbon Production Cycling

FCI utilizes the strength unique to the cement sector into the model of circular production. Through the 3Ts i.e. high temperature of >1300^0C, high turbulence, and high retention time, of the cement kiln and most wastes are processed following the principle of "neutralization and waste heat recovery," so that resources, materials and waste may return to the industrial chain for ongoing recycling, significantly reducing consumption of energy and resources as well as production of wastes.

We believe in the philosophy that **"Waste is not a waste, It is a resource as wrong place."**

2.2 Energy Saving & Bioenergy Development

FCI is relying on fossil fuels like coal to generate energy. Nevertheless, FCI realized that reducing the use of energy from fossil fuels is the key to realizing a net-zero carbon emissions. Through the two strategies i.e. active development of sources of bio-energy and Refused Derived Fuels(RDF) for less use of fossil fuels as well as Waste Heat Recovery system to raise power generation efficiency to reduce procured electricity. Energy generated for the plant by Waste Heat Recovery Project during the year 2023 was 19.71 %



3.0 Corporate Governance & Risk Management

3.1 Board of Directors Vision:

The vision of FCI has the following core values:

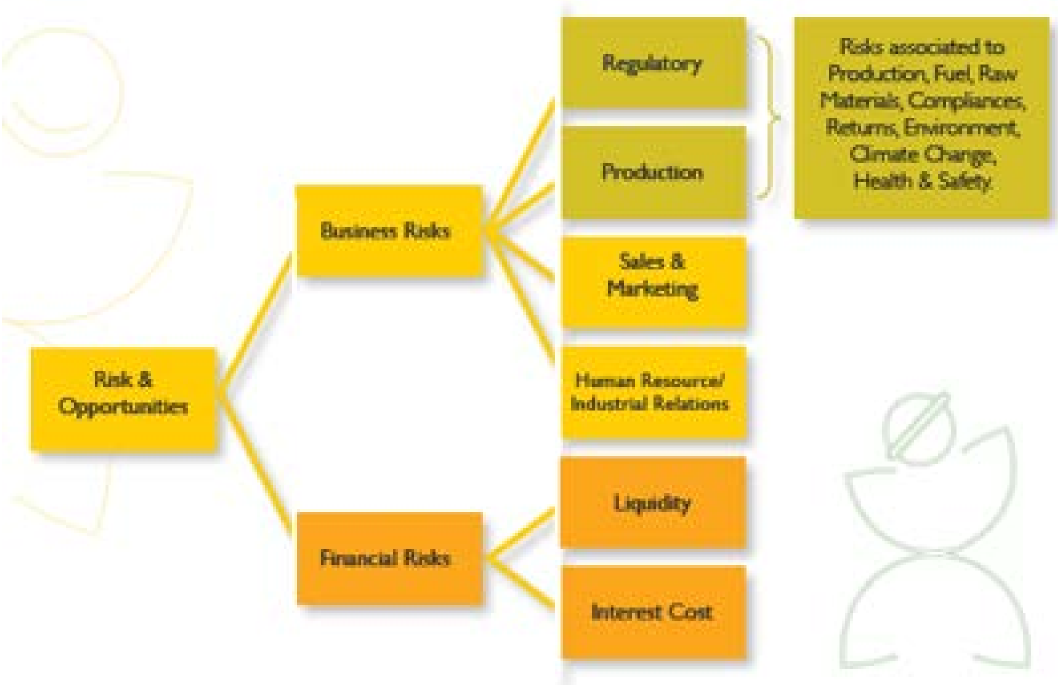
- ✓ To be a sustainable industry.
- ✓ Profitable growth along with resource conservation.
- ✓ Ensure quality clinker and cement as a business strategy.
- ✓ Promote health, environmental and safety among the stakeholders.
- ✓ To serve the construction industry in the gulf region in a better way.

FCI Board of Director's are greatly concerned with undertaking the responsibility for the service of the society and surrounding environment. FCI seeks through its staff to participate in all National Occasion's & Socials events of their different religious, cultural programs and Sports activities. Out of eleven, there is one women representation in Board of Directors in 2023.

The top management of FCI also supports the **UAE Net Zero by 2050 Strategy**-the first Middle East and North Africa (MENA) country to set a target to achieve net-zero emissions. It significantly boosts the scope for more sustainable developments across the country to protect the natural economy, and further burnishes the UAE's global standing as a future-ready destination for investments.

Our Top Management periodically discusses and manage the Sustainability Issues. Besides these, we monthly conduct Environment Committee Meeting where we sort out all the issues pertaining to Environment Protection and Climate Change.

The company is ready to handle the risk and opportunities in the business processes.



3.2 Climate Risk Management

FCI has planted more than 15000 Climate resilient plants in the campus. It raises the amount of oxygen, cools the surroundings by 3°C and help mitigate the carbon emission. This will also support to achieve the goal for limiting the increase in global temperature to 1.5^0 C, relative to pre-industrial average.

The reduction in GHGs Emission due to tree plantation is amounted to 325.25 tons

3.3 Digital Governance

FCI is committed to the protection of the confidentiality, integrity, and availability of critical information system and data of the company. The information security management mechanism has been comprehensively introduced and it is in line with the information security management system (ISO-27001:2013)

COVID-19 accelerated the digital transformation of our daily activities. Face-to-face meetings were converted into virtual meetings. Even the Board meetings were conducted online/remotely.

3.4 Ethical Management

The employees certify thru their declaration form, that they are not indulged in corruption practices, neither they are involved in any business in FCI

All the employees have formally certified their compliance as per the prevention of corruption policy.

3.5 Responsible Production

We provide ample opportunities and motivational incentives to employees. Some of them are Performance Linked Incentives, Good Work Awards, Letters of Appreciation, Special Increments, Promotions and Nomination to external training programmes in UAE/abroad. FCI encourages the employees to follow work instruction as guided and directed by the superiors from time to time to achieve the production target as well as effective utilization of time for job completion and good cooperation with the colleagues. Section In-charge/Supervisors are required to ensure that instructions given to the employees are in accordance with the guidelines of company policy. It is the responsibility of the employees that they do not leave the workplace without permission of the in-charge/superiors.

3.6 Supply Chain Sustainability

FCI supports **"sustainable supplier management"** and **"local and green procurement policy"**. We responsibly encourage the concept of mutual support and benefit that is safe and eco-friendly by working hand in hand with suppliers.

FCI will continue to better its communication with suppliers on sustainability issues and align itself with international standards in the spirit of sustainable procurement.

In addition, FCI requires its business partners like suppliers, contractors, sub-contractor, and joint ventures to attach importance to their management of environmental impacts in the process of production, manufacturing, transportation and services. As such, FCI joins hands with the industrial supply chain to create value of corporate sustainability.

Demonstrating Supply Chain Management & Green Procurement of Cement

Sustainability Association

FCI is actively contributing towards the welfare of the society and playing a proactive role in areas of education, environmental awareness, health and community development in Emirates of Fujairah by supporting / sponsoring / sharing the events below:

- All national festivals and celebrations.
- Supporting schools/social clubs/ Art and cultural clubs in the Emirates of Fujairah.
- Conducting sports tournaments (i.e.; Football, Cricket, Volleyball etc.;) as a part of UAE National Day Celebrations.
- Supporting Seminars, exhibitions, and social gatherings

- Training for the technical/non-technical students from college/universities/ Higher studies institutions
- Donations to needy citizens.
- Donations to Emirates Crescent in drinking water projects.
- Welcome the students for site visit of our cement plant, for awareness/knowledge enhancement

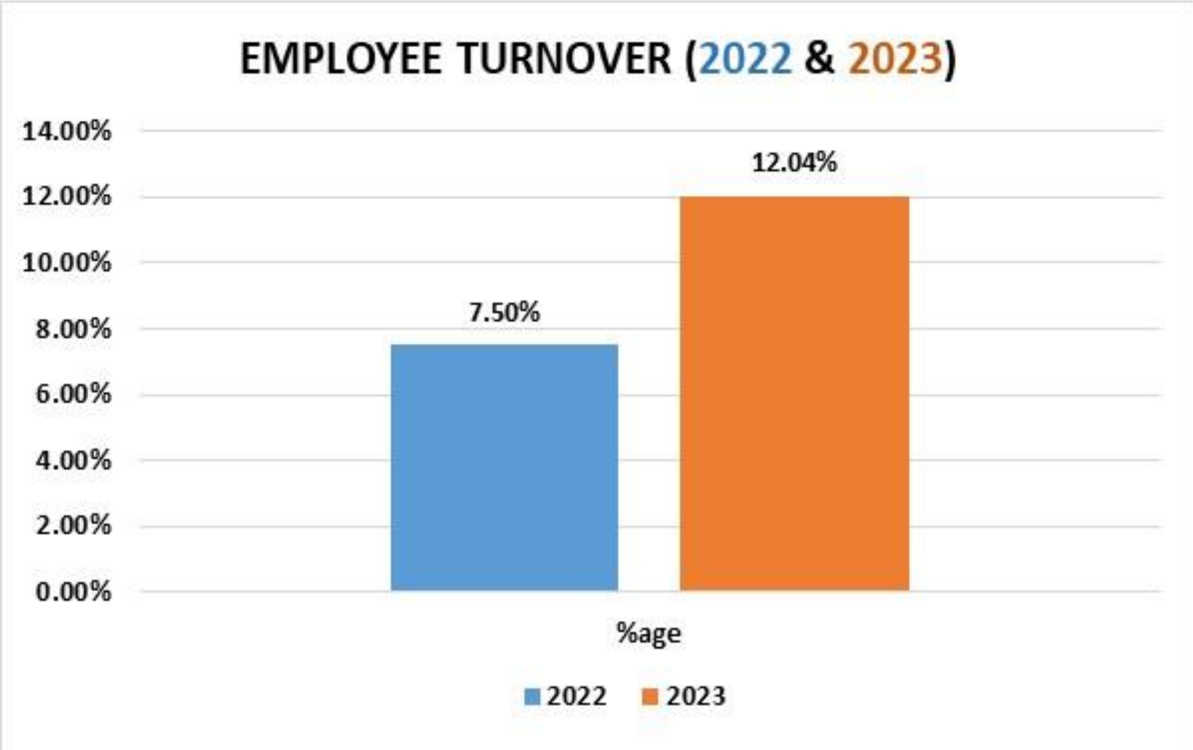
Health Check Up of Employees in Fujairah Cement Industries PJSC

FUTURE ENGINEERS-2023, DIBBA AL HISN MUNICIPALITY, 17th AUG-2023

4.0: Employee Diversity and Benefits

HR & Admin department of FCI supports good relationship of company with the employees under the umbrella of the Federal Labor Law No.8 of 1980. The department continuously reviews HR policies and follows the practices of good organization and carries out necessary improvements to attract and retain best human talent and build intellectual capital.

The Company's HR policies and processes supports the dignity of workforce, safe working environment, managing work on time, social welfare, attitude to work for better production, protection of man and machine, availability at work place, follow well defined instruction for safety, security and protection of environment.



4.1 Talent Cultivation and Development

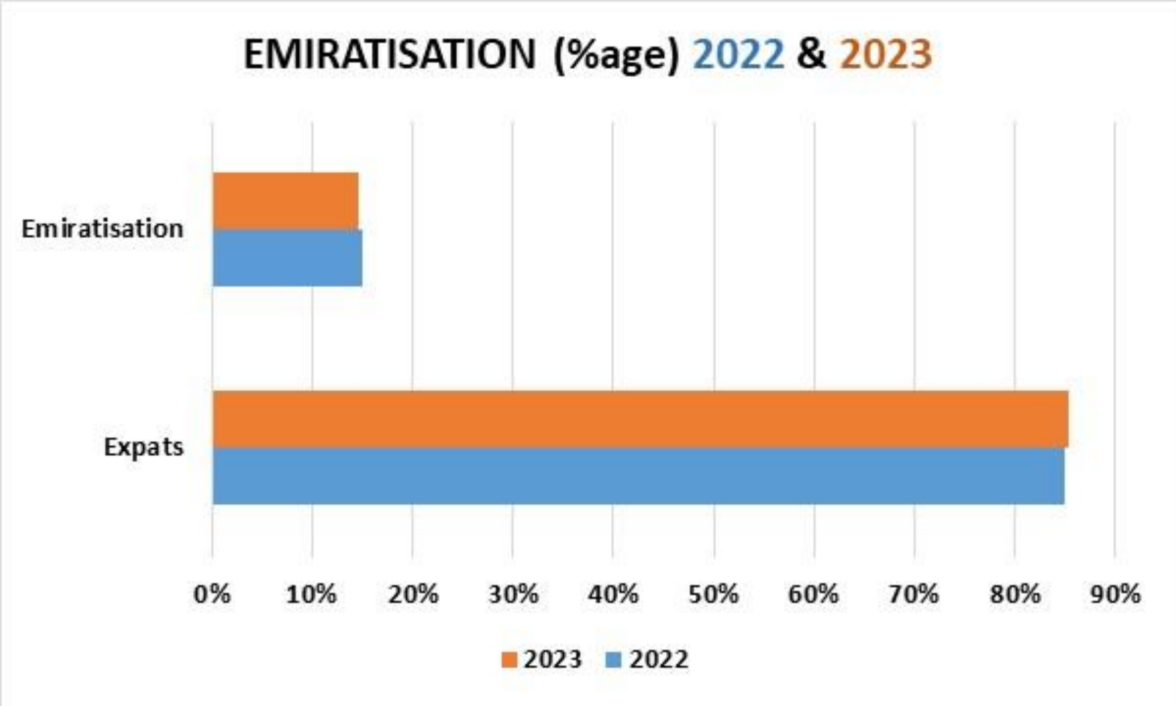
Fujairah cement Industries supports Emiratization, wherein we give preference to the local people by providing jobs as per their qualification & experience, depending upon the job availability.

Training on Effective Use of Personnel Protective Equipment(PPEs)

The company's culture of health and safety includes imparting trainings and conducting drills for the workforce on various aspects:

- ✓ Daily Safety Tool Box Meeting.
- ✓ Safety Audits: Unsafe Act & Unsafe Conditions.

- ✓ On-job safety trainings.
- ✓ Fire audits and mock drills.
- ✓ First Aid trainings
- ✓ Classroom trainings
- ✓ Implementation of Lockout/Tag-Out (LOTO).



4.2 Remuneration and Benefits System

We provide ample opportunities and motivational incentives to employees. Some of them are Performance Linked Incentives, Good Work Awards, Letters of Appreciation, Special Increments, Promotions and Nomination to external training programs in UAE and abroad.


MOTIVATION & FELICITATION
FOR PRODUCTIVITY
IMPROVEMENTS

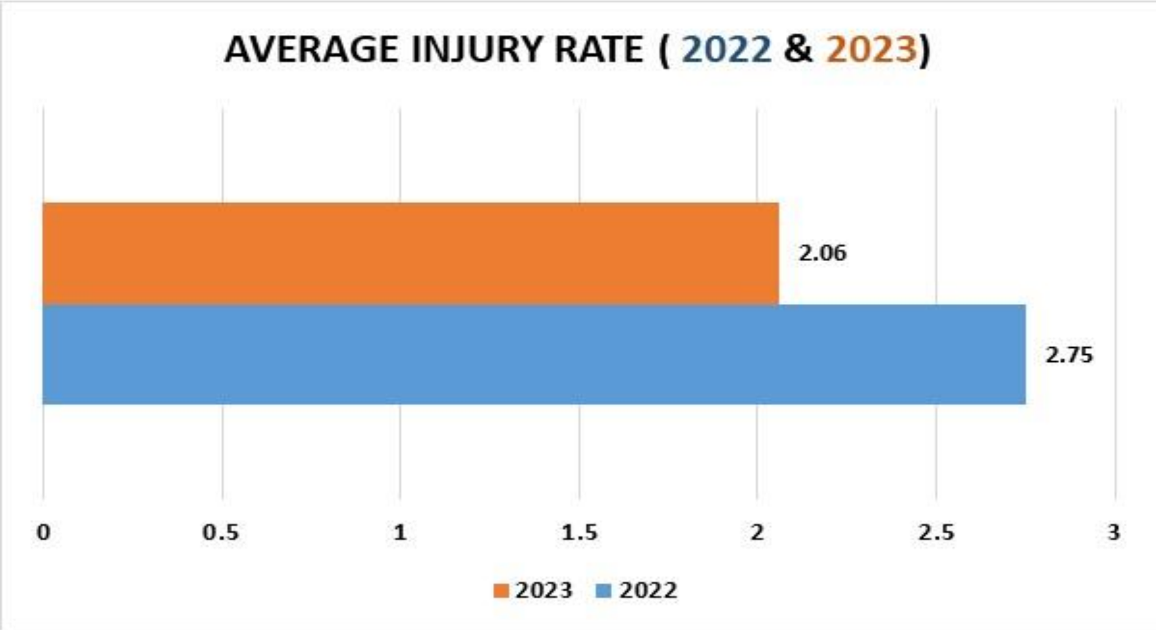
Award & Appreciation to the employees for their meritorious service.

4.3 Care for Employee Safety

We have several schemes for general welfare of employees. These covers life insurance, workman compensation, medical insurance, retirement benefits, and recreation facilities. Health care benefits are made available to employees by way of good medical treatment and special sanctions for serious illness. Employees are eligible to avail terminal benefits such as holidays, annual leaves, sick leave etc. as per the UAE Labor Law No: 8 of 1980. Public holidays are observed as declared by Ministry of Labor from time to time.

At our cement plant, employees are provided with suitable accommodation based on their entitlements. Healthy nutritious food is provided to the employees.

The Average Injury Rate for the year 2023 is 2.08, with no fatalities.



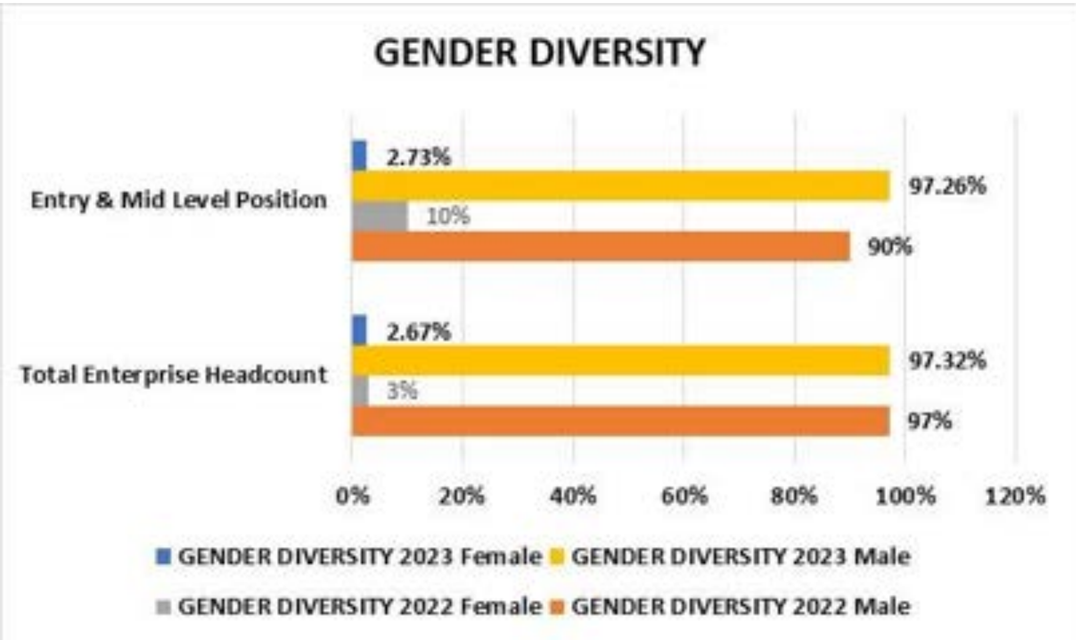
4.4 Workplace Diversity

We have diverse nature of workforce in our company. The pay ratio is 3.5:1.

Employee turnover ratio is found to be 12.04%.

Gender diversity percentage based on :

- Total enterprise headcount : Male 97.32%, Female 2.67%
- Entry-and mid-level positions : Male 97.26%, Female 2.73%
- Senior-and executive-level positions : Male 2.16%



We don't have part time workers.

We do not discriminate employees based on cast and creed. Commitment to creating a diverse, open, equal and harassment-free work environment

5.0 Society Inclusion & Common Good

5.1 Green Living

In FCI we promote the living attitude of energy saving, water savings and low-carbon life style. Our employees embrace carpooling and public transport system.

Our employees also care for 3R waste management system, i.e. Reduce, Reuse and Recycle. We also follow the 5S Housekeeping management system.

5.3 Sustainable Philanthropy Action

Upholding the principle of sustainability, we have contributed to school children's sports activities, drinking water projects, campus greenification. The donations to Fujairah Foundation has become the greatest support for the regional development.

We create environment for supporting the Sustainable development goals as mentioned below:

Economic value and Business performance

Water Management

Transparency, Corporate Governance and Ethics in Business

Raw Material Security and Circular Economy

Health and Safety

Climate Change, Energy and Emissions

Employee Wellbeing

Dibba Municipality COP28 Showcase

FCI Contribution for 2023 to Local Community Development & Conservation of Environment:

Sustainable Development figures prominently in FCI's Environmental, Social & Governance Disclosure Plan-2023.

The Top Management Supports the **Fujairah Vision-2040**. The Fujairah Vision 2040 has been developed by H. H. Sheikh Hamad bin Mohammed Al Sharqi, the ruler of Fujairah. The goal is to create an innovative and workable roadmap that provides a robust and flexible direction for sustainable growth beyond 2040. FCI has a sound waste management system. The Solid waste is collected from different strategic locations and transported to Dibba Municipality, Material Recovery Facilities' (MRF). The MRF Efficiently recycles the materials.

Cash Contributions:

As a Part of Corporate Social Responsibility, FCI supported Dibba Municipality, FNRC and Fujairah Municipality in various activities.

For Climate Risk Mitigation, FCI invested proactively on the following issues:

- Emirates Red Crescent, Fujairah for drinking water initiatives: 10,000 AED
- Fujairah Natural Resources Corporation(FNRC) in Mining Exhibition: 15,000 AED.
- Tough Muddler Event, Fujairah: 5000 USD
- Fujairah Natural Resources Corporation(FNRC) for Innovation Land 2023:10,000 AED.
- Green Belt Development (Climate Resilient Tree Plantation) in FCI & Camp Accommodations: 25,000 AED
- The 8th Fujairah International Mining Forum, 26-28 September 2023, Fujairah was organized by FNRC. FCI was a gold sponsorer for this event and donated 50,000 AED.
- The COP 28 initiative Showcase at Dibba Municipality, on 21st November-2023.

TAWEEN QUARRY GREEN BELT DEVELOPMENT

In-Kind Contributions:

- FCI donated 1000 Nos OPC Cement Bags for Graveyard Affair's, Fujairah.
- FCI provided upskilling of UAE Nationals/Engineering Graduates of UAE University and Higher College of Technology of different technical specializations. The programme is aligned with FCI's commitment to support the UAE government effort to increase Emiratization.
- FCI sprayed dust suppression chemical on the unpaved roads connecting FCI quarry and inside the factory to minimized volatility of dust, control of fugitive emission and soil for conserving the environment.
- FCI undertakes to always fulfill its obligations to foster a healthy safety culture for all staff.
- FCI is committed to keep Good Housekeeping in the factory and surrounding area the factory.
- Emission monitoring instrument has been installed for measuring dust emission in the air and notify Fujairah Environmental Authority(FEA), Fujairah Natural Resources Corporation(FNRC) and Ministry of Climate Change & Environment (MOCCAE) of data as to make cement Industry more environment friendly.
- FCI undertakes to always fulfill its obligations to provide a good and secured working environment for all staff.

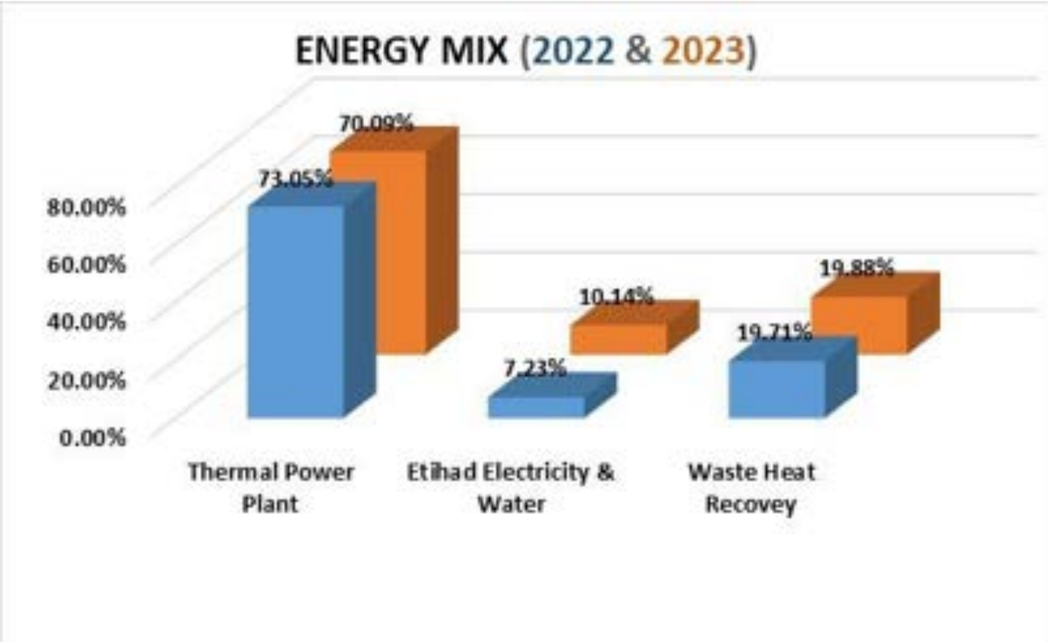
- We believe that the most important reason for the success of any company is its employee. It is extremely essential for organizations to ensure that their people, their employees, are taken care of. FCI provides best surroundings and quality working environments for their workers, as well, as employees who have made significant contributions to getting new standards in worker welfare and productivity.

2 (a): Key Events during 2023:

- FCI and ThyssenKrupp Polysius, signed an agreement on 3rd December-2023, during the COP28 UAE in Expo City Dubai. We are putting our plan into action to decarbonize the cement plant in the near future.
- The use of Alternate Raw Material/Fuel is amounted to 10.84%.

- The CO_2 reduction per year from tree plantation in the campus is around 326.25 tonnes/ annum.
- FCI registered the least consumption (40 kW/hr/ton) of Cement mill.
- The share of Waste Heat Recovery power generation is 19.71% of the total power requirement, leading to reduction in carbon emission.
- Due to ABB power management system, FCI has reduced the dependency on electricity, supplied by Etihad Electricity & Water Authority.
- Renewal of accreditation Certificates: ISO 9001:2015 Quality Management System, ISO 45001:2018 Safety Management System
- Distributing Iftar meals for fasting people in cooperation with the Bait Al Khair Society & Fujairah Charitable Foundation.
- FCI participated in UAE HR Summit-2023, in Dubai.
- FCI participated in FL Smidth UAE Seminar 2023 in Ras Al Khaima.
- Celebration of National Events in FCI: National Flag Day, National Commemoration Day, 52nd National Day.
- Training workers inside the factory pertaining to Fire Fighting through mock drills and Tool Box meeting.
- FCI was felicitated by UAE Al Ain University, for their support in the process by developing young & future professionals by providing a precious internship opportunity to UAEU students in the academic year 2022-23
- FCI participated in Seminar on “Protective Gear for Cement Industry” on 21st September-2023, Ras Al Khaima, organized by M/s Scientechnic.
- FCI participated in COP 28 Kick Off meeting, organized by Fujairah Environmental Authority.

Energy Mix for 2023:



- We had zero road fatalities with our own fleet.

FCI Innovative Projects & Initiatives:

- By the FY 2024, FCI will be implementing state of art technology from Thyssen Krupp (Polysius) Germany, to enhance the waste utilization capacity and thereby increasing utilization of carbon dust, wooden chips and Municipal Waste-RDF in Cement kiln while reducing consumption of fossil fuel and reduction in carbon footprint. This is in line with UAE Net-Zero 2050 Strategy. The expected substitution of RDF is between 20-25%.
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the goal for limiting the increase in global temperature to 1.5^{0} C, relative to pre-industrial average.

- Some of the future Decarbonization projects, which are in pipeline are as follows:
    - Setting up of Hybrid Solar Power Plant (7-8 MW)
    - Project RDF (Refused Derived Fuel).
    - Project Carbon Capture.