

**Fujairah Cement Industries PJSC and its  
subsidiary**

**Fujairah, United Arab Emirates**

**Reports and Consolidated financial  
statements**

**For the year ended 31 December 2025**

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

<b>Table of contents</b>	<b>Pages</b>
General information	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Consolidated statement of financial position	7
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11 - 49

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates General information

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Principal office address:

P.O. Box: 11477, Dibba,  
Fujairah, United Arab Emirates  
Website: [www.fujairahcement.com](http://www.fujairahcement.com)  
T: +971 9 244 4011  
F: +971 9 244 4016

The Manager:

Mr. Saeed Ahmed Ghareib Howaishil Alseredi,  
(Emirati)

The Directors:

Chairman: H.E. Mohamed Bin Hamad Saif Al Sharqi (Representative of Govt. Fujairah),  
(Emirati)  
Vice-chairman: Mr. Saad Abdullah AL Hanian,  
(Kuwaiti)  
Mr. Abdul Ghafour Hashem Abdul Ghafour Bahroozian  
(Representative of Govt. Fujairah), (Emirati)  
Mr. Mohamed Sharief Habib Mohamed Rafiee Alawadhi, (Emirati)  
Mr. Dhari Salfiq Ayed Al-Masoudi Al-Shammari  
(Representative of ISDB-KSA), (Saudi)  
Mr. Yagoub Musaad Yagoub Albuaian, (Kuwaiti)  
Mr. Abdoullateef Saad Abdoullateef Aldosari,  
(Kuwaiti)  
Mrs. Maryam Abdulla Mohamed Obaid Almatrooshi, (Emirati)  
Mr. Salem Mohamed Abdulla Mohamed Alzahmi,  
(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

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates Directors' report

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The Directors have pleasure in presenting their report and the audited consolidated financial statements for the year ended 31 December 2025.

### Principal activities of the Group

The principal activities of Fujairah Cement Industries PJSC and its subsidiary are clinkers and hydraulic cements manufacturing, ready - mix and dry - mix concrete and mortars manufacturing, exporting and sand or pebble mines operation - crushers..

It was decided to cease the operations of the subsidiary by the Board of Directors at the meeting held on 9 January 2024, and the operations of the subsidiary has been discontinued completely from 1 February 2024. Accordingly, the results of the subsidiary has been shown as discontinued operations in this consolidated financial statements.

### Financial review

The table below summarizes the results of the year 2025 and 2024.

	<b>2025</b>	2024
	<b>AED</b>	AED
Revenue	<b>114,989,435</b>	2,596,959
Direct expenses	<b>(104,991,674)</b>	(2,686,849)
Gross profit / (loss)	<b>9,997,761</b>	(89,890)
Gross profit / (loss) ratio	<b>8.69%</b>	(3.46)%
Net loss	<b>(91,224,547)</b>	(183,251,710)
Net loss ratio	<b>(79.33)%</b>	(7,056.40)%
Basic and diluted loss per share	<b>(0.256)</b>	(0.514)

### 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 net loss of AED 91,224,547 for the year ended 31 December 2025 (2024: AED 183,251,710), accumulated losses of AED 243,246,568 (2024: AED 152,022,021), the current liabilities exceeded the current assets by AED 677,130,997 as at that date (2024: AED 539,262,130).

The Group had earlier declared the temporary suspension of sales and production until further notice effective from 1 May 2024, declared by the Board of Directors at the Annual General Meeting held on 25 April 2024 due to the Parent Entity's ongoing financial liquidity challenges. However, the Board of Directors, in their meeting held on 17 June 2025, announced that the Parent Entity had resumed production activities on 14 June 2025, and commenced cement dispatches on 23 June 2025. Hence, the accompanying consolidated financial statements have been prepared on a going concern basis.

### Events after year end

Subsequent to the year end, in light of the geopolitical conditions, the management has assessed that the Group's core operations continue without any material interruption and that the Group remains financially sound. The Group also continues to adhere to prudent governance standards, disciplined risk management practices, and full compliance with all applicable regulatory requirements. The management confirms that as at the date of approval of these consolidated financial statements, no material financial impact has resulted from this incident.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates Directors' report (continued)

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### 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 7 to 49, 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

28 March 2026



\_\_\_\_\_  
Board Member

## Independent auditor's report

To,  
The Shareholders  
Fujairah Cement Industries PJSC  
P.O. Box: 11477  
Dibba, Fujairah, United Arab Emirates

### Report on the Audit of the Consolidated Financial Statements

#### Adverse Opinion

We have audited the consolidated financial statements of Fujairah Cement Industries PJSC (the "Parent Entity") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, 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 policy information and other explanatory information.

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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the international Accounting Standards Board (IASB).

#### Basis for Adverse Opinion

As explained in Note 2 to the consolidated financial statements which states that the Group incurred a loss of AED 91,224,547 (2024: AED 183,251,710) for the year ended 31 December 2025, carries accumulated losses of AED 243,246,568 (2024: AED 152,022,021), the current liabilities exceeded the current assets by AED 677,130,997 (2024: AED 539,262,130) as at that date and failed to meet certain financial covenants and repayment of bank borrowings, during the year then ended, 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.

Subsequent to the resumption of production after the 2024 shutdown, the Group incurred certain costs that were not appropriately assessed to determine whether they relate to production costs, inventory, or idle production costs. Consequently, all such costs were capitalized as part of inventory. In the absence of an adequate assessment, we were unable to determine the extent of any potential overstatement of inventory values and the resulting impact on the loss reported for the year.

Further, the Group has not performed impairment assessment on its plant, despite the presence of indicators of impairment, as the plant has remained idle until the Parent Entity had resumed the production activities on 14 June 2025. These factors trigger an impairment assessment under IAS 36 – Impairment of Assets and indicates that the recoverable amount of Property, Plant and Equipment and Right of Use assets might be lower than the carrying amount as stated in the consolidated financial statements. Absence of formal impairment assessment represents a departure from the requirements of IAS 36 – Impairment of Assets and the effect of the departure on the consolidated financial statements have not been determined.

Our opinion on the Group's consolidated financial statements as at and for the year ended 31 December 2025 is modified due to above matters.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of consolidated financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated financial statements of public interest entities in United Arab Emirates. We have also 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.



## 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)

#### Emphasis of matter

We draw attention to Note 16 that states that a portion of accumulated losses, as at 31 December 2024, of AED 161,750,412 has been set off against the available balance of the Statutory Reserve as at that date. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

#### Other Information

Management is responsible for the other information. The other information comprises the annual report but 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 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, in compliance with the applicable provisions of the U.A.E. Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or 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.



## 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)

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

#### 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

Basil Naser  
Partner  
Registered Auditor Number: 5507  
Dubai, United Arab Emirates  
26 March 2026



Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates

Consolidated statement of financial position as at 31 December 2025

	Notes	2025 AED	2024 AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	933,055,634	985,158,189
Right-of-use assets	7	65,979,983	75,469,017
<b>Total non-current assets</b>		<b>999,035,617</b>	<b>1,060,627,206</b>
<b>Current assets</b>			
Inventories	10	239,464,093	95,989,551
Trade and other receivables	11	4,857,628	10,229,671
Cash and cash equivalents	12	10,155,329	792,807
Net assets relating to discontinued operations	13	-	4,855,922
<b>Total current assets</b>		<b>254,477,050</b>	<b>111,867,951</b>
<b>Total assets</b>		<b>1,253,512,667</b>	<b>1,172,495,157</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	355,865,320	355,865,320
Revaluation reserve	15	34,747,500	34,747,500
Accumulated losses		(243,246,568)	(152,022,021)
<b>Total equity</b>		<b>147,366,252</b>	<b>238,590,799</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Employees' end-of-service benefits	17	389,316	129,830
Bank borrowings	18	109,391,664	192,894,526
Lease liabilities	19	63,859,137	85,258,657
Trade and other payables	20	898,251	4,491,264
<b>Total non-current liabilities</b>		<b>174,538,368</b>	<b>282,774,277</b>
<b>Current liabilities</b>			
Bank borrowings	18	424,512,596	340,190,398
Lease liabilities	19	76,060,908	51,558,670
Trade and other payables	20	427,678,208	259,381,013
Net liabilities relating to discontinued operations	13	3,356,335	-
<b>Total current liabilities</b>		<b>931,608,047</b>	<b>651,130,081</b>
<b>Total liabilities</b>		<b>1,106,146,415</b>	<b>933,904,358</b>
<b>Total equity and liabilities</b>		<b>1,253,512,667</b>	<b>1,172,495,157</b>

These consolidated financial statements were approved and authorised for issue on 26 March 2026.

The consolidated financial statements set out on pages 7 to 49, 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 6.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025

	Notes	2025 AED	2024 AED
<b>Continuing operations</b>			
Revenue	21	114,989,435	2,596,959
Direct expenses	22	(104,991,674)	(2,686,849)
<b>Gross profit / (loss)</b>		<b>9,997,761</b>	<b>(89,890)</b>
Other income	23	1,459,936	2,065,767
Selling and distribution expenses	24	(5,086,608)	(1,243,414)
General and administrative expenses	25	(7,644,443)	(40,565,764)
Production idle cost	26	(42,020,193)	(95,070,342)
Finance cost	27	(46,915,960)	(46,356,847)
<b>Loss before tax</b>		<b>(90,209,507)</b>	<b>(181,260,490)</b>
Corporate tax expense	28	-	-
<b>Loss for the year from continuing operations</b>		<b>(90,209,507)</b>	<b>(181,260,490)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	13	(1,015,040)	(1,991,220)
<b>Net loss for the year</b>		<b>(91,224,547)</b>	<b>(183,251,710)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive loss for the year</b>		<b>(91,224,547)</b>	<b>(183,251,710)</b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Group		(91,224,547)	(183,251,710)
<b>Total comprehensive loss for the year</b>		<b>(91,224,547)</b>	<b>(183,251,710)</b>
<b>Basic and diluted loss per share</b>		<b>(0.256)</b>	<b>(0.514)</b>

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 6.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

#### Consolidated statement of changes in equity for the year ended 31 December 2025

	Share capital	Statutory reserve	Revaluation reserve	Accumulated losses	Total
	AED	AED	AED	AED	AED
As at 1 January 2024	355,865,320	161,750,412	34,747,500	(130,520,723)	421,842,509
Net loss for the year	-	-	-	(183,251,710)	(183,251,710)
Offset of losses against reserves (Note 16)	-	(161,750,412)	-	161,750,412	-
As at 31 December 2024	355,865,320	-	34,747,500	(152,022,021)	238,590,799
Net loss for the year	-	-	-	(91,224,547)	(91,224,547)
<b>As at 31 December 2025</b>	<b>355,865,320</b>	<b>-</b>	<b>34,747,500</b>	<b>(243,246,568)</b>	<b>147,366,252</b>

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 6.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Consolidated statement of cash flows for the year ended 31 December 2025

	Notes	2025 AED	2024 AED
Net loss for the year from continuing operations		(90,209,507)	(181,260,490)
Net loss from discontinued operations	13	(1,015,040)	(1,991,220)
Adjustments for:			
Depreciation of property, plant and equipment	6	52,224,821	53,249,848
Depreciation of right-of-use asset	7	9,489,034	9,535,212
Trade receivables written off	13	(259,057)	-
Employees' end-of-service benefits	17	382,493	822,480
Finance cost	27	43,813,242	42,972,423
Loss on disposal of property, plant and equipment		510,917	1,483,022
Interest expense on lease liabilities	27	3,102,718	3,574,393
Provision for expected credit loss of trade receivables	11	-	305,836
Allowance for slow-moving and obsolete inventories	10	-	30,064,704
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>18,039,621</b>	<b>(41,243,792)</b>
(Increase) / decrease in inventories	10	(143,334,255)	2,255,076
Decrease in trade and other receivables	11	6,612,957	49,113,950
Increase / (decrease) in trade and other payables	20	130,584,647	(10,345,348)
<b>Cash generated from / (used in) operating activities</b>		<b>11,902,970</b>	<b>(220,114)</b>
Employees' end-of-service benefits paid	17	(123,007)	(10,766,495)
<b>Net cash generated from / (used in) operating activities</b>		<b>11,779,963</b>	<b>(10,986,609)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(304,736)	(17,393)
Proceeds from sale of property, plant and equipment		2,826,111	12,227,575
<b>Net cash generated from investing activities</b>		<b>2,521,375</b>	<b>12,210,182</b>
<b>Cash flows from financing activities</b>			
Net receipts in trust receipts and overdrafts	18	819,336	1,514,249
Finance costs paid	27	(9,941,413)	(3,530,187)
Proceeds from term loans	18	-	1,547
Repayment of term loans	18	-	(146,465)
Repayment of principal portion of lease liabilities	19	-	(1,126,837)
<b>Net cash used in financing activities</b>		<b>(9,122,077)</b>	<b>(3,287,693)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>5,179,261</b>	<b>(2,064,120)</b>
Cash and cash equivalents included in discontinued operations		(1,587)	(4,184,848)
Cash and cash equivalents at the beginning of the year		4,977,655	7,041,775
<b>Cash and cash equivalents at the end of the year</b>	12	<b>10,155,329</b>	<b>792,807</b>

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 6.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 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 P.O. Box: 11477, Dibba, 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 or pebble mines operation - crushers.

The management is vested with Mr. Saeed Ahmed Ghareib Howaishil Alsereidi, 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 31 December 2025 comprise the Parent Entity and its subsidiary. The details of the subsidiary is as follows.

<i>Sr. No</i>	<i>Name of subsidiary</i>	<i>License no</i>	<i>Legal and effective interests</i>	<i>Activities</i>
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 net loss of AED 91,224,547 for the year ended 31 December 2025 (2024: AED 183,251,710), accumulated losses of AED 243,246,568 (2024: AED 152,022,021), the current liabilities exceeded the current assets by AED 677,130,997 as at that date (2024: AED 539,262,130).

Additionally, the Board of Directors, at the meeting held on 9 January 2024, had resolved to terminate the operations of the subsidiary with effect from 1 February 2025. The results for the period and balances as of 31 December 2025 related to the subsidiary are disclosed as discontinued operations.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The Group had earlier declared the temporary suspension of sales and production until further notice effective from 1 May 2024, declared by the Board of Directors at the Annual General Meeting held on 25 April 2024 due to the Parent Entity's ongoing financial liquidity challenges. However, the Board of Directors, in their meeting held on 17 June 2025, announced that the Parent Entity had resumed production activities on 14 June 2025, and commenced cement dispatches on 23 June 2025. Hence, the accompanying consolidated financial statements have been prepared on a going concern basis.

**Fujairah Cement Industries PJSC and its subsidiary**  
**Fujairah - United Arab Emirates**  
**Notes to the Consolidated Financial Statements for the year ended 31 December**  
**2025**

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**3 Application of new and revised Standards**

**3.1 New and amended Standards that are effective for the current period**

In the current period, the Entity 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 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**New and revised Standards**

**Effective for annual periods beginning on or after**

Amendments to IAS 21 Lack of exchangeability

1 January 2025

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 financial statements unless mentioned above.

**3.2 New and revised Standards in issue but not yet effective**

The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

**New and revised Standards**

**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

Annual Improvements to IFRS Accounting Standards - Volume 11

1 January 2026

Amendments to IFRS 9 Financial Instruments and IFRS 7 Contracts Referencing Nature-dependent Electricity

1 January 2026

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

1 January 2026

IFRS 18 Presentation and Disclosure in Financial Statements

1 January 2027

IFRS 19 Subsidiaries without Public Accountability: Disclosures

1 January 2027

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

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information

##### 4.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

##### 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:

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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.3 Basis of consolidation (continued)

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.

##### 4.4 Functional currency

These consolidated financial statements are presented in Arab Emirati Dirham (AED), 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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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### 4 Material accounting policy information (continued)

#### 4.5 Revenue recognition (continued)

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.

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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.6 Leases (continued)

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).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured 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 IT-equipment and small items of office furniture.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 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.

##### 4.9 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 Taxation

Corporate tax expense represents the sum of the tax currently payable and deferred tax.

###### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

###### *Deferred tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 4 Material accounting policy information (continued)

##### 4.10 Taxation (continued)

which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Directors of the Group reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

##### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

##### 4.11 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:

	<u>Useful lives</u>
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

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.11 Property, plant and equipment (continued)

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.

##### 4.12 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.

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

#### Useful lives

Software

5 years

##### 4.13 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 group 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.

##### 4.14 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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.14 Inventories (continued)

###### *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.

##### 4.15 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).

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.

##### 4.16 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.

##### 4.17 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).

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.17 Financial assets (continued)

###### *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 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.

###### *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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.18 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.

###### *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.

###### *Loans and other borrowings*

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

###### *Trade and other payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

###### *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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 4 Material accounting policy information (continued)

##### 4.18 Financial liabilities and equity instruments (continued)

###### *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:

##### 5.1 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 4.17). 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.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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

##### 5.2 Key sources of estimation uncertainty (continued)

###### *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 amortised 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.

###### *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.

###### *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.

###### *Discounting of lease payments [applicable from 1 January 2019]*

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application is 3.50%.

Management has applied judgements and estimates to determine the IBR at the commencement of lease.

###### *Calculation of loss allowance*

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates Notes to the Consolidated Financial Statements for the year ended 31 December 2025

6	Property, plant and equipment	Factory buildings and leasehold improvements											
		Land	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	AED	AED
<b>Cost</b>													
As at 1 January 2024		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
Additions during the year		-	-	-	-	4,680	-	12,713	-	-	-	-	17,393
Disposals during the year		-	-	(15,910,749)	-	-	(210,500)	-	-	-	-	-	(16,121,249)
Transfers related to discontinued operations		-	-	(4,430,595)	(18,026)	(11,905,129)	(129,108)	-	-	(1,075,382)	(12,189,888)	(29,748,128)	
As at 31 December 2024		34,997,500	30,712,750	2,020,363	173	4,423,432	24,314,268	13,515,914	31,949,125	129,286,686	1,096,899	2,290,659	747
Additions during the year		-	-	250,000	5,700	-	(994,373)	14,670	-	-	34,365	304,735	
Disposals during the year		-	-	-	-	-	-	-	-	-	-	-	(994,373)
<b>As at 31 December 2025</b>		<b>34,997,500</b>	<b>30,712,750</b>	<b>2,020,613</b>	<b>173</b>	<b>4,429,132</b>	<b>23,319,895</b>	<b>13,530,584</b>	<b>31,949,125</b>	<b>129,286,686</b>	<b>1,131,265</b>	<b>2,289,970</b>	<b>1,110</b>
<b>Accumulated depreciation</b>													
As at 1 January 2024		-	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
Depreciation expense		-	746,323	46,581,642	-	215,924	577,086	89,101	926,081	4,113,691	-	53,249,848	
Disposals during the year		-	-	(10,808,045)	-	-	(210,500)	-	-	-	-	-	(11,018,545)
Transfer of assets related to discontinued operations		-	-	(1,841,811)	(18,026)	(5,989,689)	(129,106)	-	-	(776,164)	(9,230,880)	(17,985,676)	
As at 31 December 2024		-	16,458,156	1,166,688	181	4,349,371	24,118,936	13,364,531	28,603,445	51,918,938	-	1,305,501	558
Disposals during the year		-	-	-	-	-	(811,903)	-	-	-	-	-	(811,903)
Depreciation expense		-	746,323	46,306,570	57,221	57,221	9,037	68,762	926,081	4,110,827	-	52,224,821	
<b>As at 31 December 2025</b>		<b>-</b>	<b>17,204,479</b>	<b>1,212,994</b>	<b>751</b>	<b>4,406,592</b>	<b>23,316,070</b>	<b>13,433,293</b>	<b>29,529,526</b>	<b>56,029,765</b>	<b>-</b>	<b>1,356,914</b>	<b>4,476</b>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates Notes to the Consolidated Financial Statements for the year ended 31 December 2025

6	Property, plant and equipment (continued)												
		Land	Factory buildings and leasehold improvements	Plant and 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	AED	AED
	As at 31 December 2024	34,997,500	14,254,594	853,674,992	74,061	195,332	151,383	3,345,680	77,367,748	1,096,899	985,158,189		
	<b>As at 31 December 2025</b>	<b>34,997,500</b>	<b>13,508,271</b>	<b>807,618,422</b>	<b>22,540</b>	<b>3,825</b>	<b>97,291</b>	<b>2,419,599</b>	<b>73,256,921</b>	<b>1,131,265</b>	<b>933,055,634</b>		

#### Carrying amount

#### Notes:

- Land amounting to AED 34,997,500 is stated at fair value based on 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.
- 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.
- 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).
- Insurance policy covering movable assets is assigned in favor of a bank against bank borrowings (Note 18).
- 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).
- There is a registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 18) included in plant and machinery mentioned above.
- Depreciation is fully charged to cost of sales.
- Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period amounted to AED 375,714,532 (2024 : AED 374,335,299).

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 6 Property, plant and equipment (continued)

j) Leasehold rights (between the Group & Dibba Municipality) over the land on which the thermal power plant is located are assigned against bank borrowings (Note 18).

#### 7 Leases (the Group as Lessee)

##### *Right-of-use assets*

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

	<b>Property</b>	<b>Total</b>
	<b>AED</b>	<b>AED</b>
<b>Cost</b>		
As at 1 January 2024	139,281,274	139,281,274
Transfer of assets related to discontinued operations (Note 13)	<u>(6,878,051)</u>	<u>(6,878,051)</u>
As at 31 December 2024	132,403,223	132,403,223
<b>As at 31 December 2025</b>	<b><u>132,403,223</u></b>	<b><u>132,403,223</u></b>
<b>Accumulated depreciation</b>		
As at 1 January 2024	49,685,779	49,685,779
Transfer of assets related to discontinued operations (Note 13)	<u>(2,240,607)</u>	<u>(2,240,607)</u>
Charge for the year	<u>9,489,034</u>	<u>9,489,034</u>
As at 31 December 2024	56,934,206	56,934,206
Charge for the year	<u>9,489,034</u>	<u>9,489,034</u>
<b>As at 31 December 2025</b>	<b><u>66,423,240</u></b>	<b><u>66,423,240</u></b>
<b>Carrying amount</b>		
<b>As at 31 December 2025</b>	<b><u>65,979,983</u></b>	<b><u>65,979,983</u></b>
As at 31 December 2024	<u>75,469,017</u>	<u>75,469,017</u>
<i>Amounts recognised in profit or loss</i>		
	<b>2025</b>	2024
	<b>AED</b>	AED
Depreciation expense on right-of-use assets (25 & 26)	<b>9,489,034</b>	9,489,034
Interest expense on lease liabilities (Note 27)	<b><u>3,102,718</u></b>	<u>3,400,118</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

<b>8</b>	<b>Intangible assets</b>	<b>Software</b>
		<b>AED</b>
	<b>Cost</b>	<u>                    </u>
	As at 31 December 2024	249,517
	<b>As at 31 December 2025</b>	<u><b>249,517</b></u>
	<b>Accumulated amortisation</b>	
	As at 1 January 2024	<u>249,517</u>
	As at 31 December 2024	<u>249,517</u>
	<b>As at 31 December 2025</b>	<u><b>249,517</b></u>
	<b>Carrying amount</b>	
	<b>As at 31 December 2025</b>	<u><u>-</u></u>
	As at 31 December 2024	<u><u>-</u></u>

### 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, shareholders and the ultimate controlling party. 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:

	<b>2025</b>	2024
	<b>AED</b>	AED
Sales	<u><b>52,500</b></u>	<u>109,785</u>
	<u><b>52,500</b></u>	<u>109,785</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 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:

	2025	2024
	AED	AED
Salaries and other benefits of key management staff	<u>2,418,013</u>	<u>1,995,718</u>

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

	2025	2024
	AED	AED
<b>Balances due from related parties</b>		
(Included in trade receivables)	8,203	-
<b>Balances due to related parties</b>		
(Included in trade payables)	264,568	14,568

#### 10 Inventories

	2025	2024
	AED	AED
Spare parts	125,319,802	130,400,046
Semi-finished products	72,009,202	31,333,113
Burning media	59,131,531	60,904,562
Raw materials	8,895,641	10,129,392
Finished goods	4,777,695	803,127
Bags and packing materials	<u>1,580,173</u>	<u>397,626</u>
	<u>271,714,044</u>	<u>233,967,866</u>
Allowance for slow moving / obsolete inventories	(110,736,215)	(140,581,233)
Goods in transit	<u>78,486,264</u>	<u>2,602,918</u>
	<u>239,464,093</u>	<u>95,989,551</u>

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

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 10 Inventories (continued)

*Movement in allowance for slow moving and obsolete inventories*

	2025	2024
	AED	AED
Balance at the beginning of the year	140,581,233	110,516,529
Amounts written off during the year	(29,845,018)	-
Charge during the year	-	30,064,704
<b>Balance at the end of the year</b>	<b>110,736,215</b>	<b>140,581,233</b>

#### 11 Trade and other receivables

	2025	2024
	AED	AED
Trade receivables	56,636,383	60,824,536
Less: Allowance for expected credit losses	(56,211,524)	(56,211,524)
	<u>424,859</u>	<u>4,613,012</u>
Advances to suppliers	1,214,512	1,155,777
VAT receivable-net	571,882	2,562,316
Deposits	333,614	337,575
Prepayments	295,585	316,101
Staff loan and advances	168,756	23,069
Other receivables	1,848,420	1,221,821
	<u>4,857,628</u>	<u>10,229,671</u>

After business operations resumed during the year, the Parent Entity implemented revised credit terms, resulting in all sales for the year being made on an advance-payment basis.

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

Trade receivables include AED 56,636,383 (2024: AED 60,824,536) which is past due and out of this AED 350,000 (2024: AED 350,000) is secured.

Of the trade receivables as at 31 December 2025 there are 6 customers (2024: 6 customers) which represent 97% (2024: 97%) of the total receivables.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 11 Trade and other receivables (continued)

##### *Geographical details of trade receivables*

	2025	2024
	AED	AED
<b>Primary Geographical Markets</b>		
Within U.A.E.	<b>53,213,109</b>	57,400,775
Outside U.A.E. - G.C.C.	<b>2,930,639</b>	2,930,589
Other countries	<b>492,635</b>	493,172
	<b>56,636,383</b>	60,824,536

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 99% 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.

Fujairah Cement Industries PJSC and its subsidiary

Fujairah - United Arab Emirates  
Notes to the Consolidated Financial Statements for the year ended 31 December  
2025

11 Trade and other receivables (continued)

31 December 2025	<u>Trade receivables – ageing analysis</u>				Total
	Not past due	Less than 180 days	180-360 days	More than 360 days	
	AED	AED	AED	AED	AED
Expected credit loss rate	-%	-%	-%	99.25%	
Estimated total gross carrying amount at default	-	-	-	56,636,383	56,636,383
Lifetime ECL	-	-	-	56,211,524	56,211,524
					424,859

31 December 2024	<u>Trade receivables – ageing analysis</u>				Total
	Not past due	Less than 180 days	180-360 days	More than 360 days	
	AED	AED	AED	AED	AED
Expected credit loss rate	-%	-%	-%	92.41%	
Estimated total gross carrying amount at default	-	-	-	60,824,536	60,824,536
Lifetime ECL	-	-	-	56,211,524	56,211,524
					4,613,012

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 11 Trade and other receivables (continued)

	Total AED
Balance as at 1 January 2024	58,033,713
Amounts written off	(2,128,025)
Provision during the year	305,836
<b>Balance as at 31 December 2024</b>	<b>56,211,524</b>
<b>Balance as at 31 December 2025</b>	<b>56,211,524</b>

	Expected credit loss rate %	Gross trade receivables AED	Expected credit loss AED
<b>2025</b>			
Secured trade receivables against bank guarantees and letters of credit		350,000	-
Unsecured trade receivables	99.25%	56,636,383	56,211,524
		-	-
		<b>56,986,383</b>	<b>56,211,524</b>
<b>2024</b>			
Secured trade receivables against bank guarantees and letters of credit		350,000	-
Unsecured trade receivables	92.42%	60,474,536	56,211,524
		<b>60,824,536</b>	<b>56,211,524</b>

#### 12 Cash and cash equivalents

	2025 AED	2024 AED
Bank balances	8,593,218	489,642
Cash on hand	1,562,111	303,165
	<b>10,155,329</b>	792,807

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.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 13 Discontinued operations

The Board of Director has decided to terminate the operations of its 100% subsidiary Fujairah Cement Industries PJSC FZE which provides ready mixed concrete manufacturing services with effect from 01 February 2024, at the meeting held on 09 January 2024 and having registered office at Umm Al Qwain Bank Building, Mezzanine Floor-2(M2), Office No-203, Hamad Bin Abdulla Road, Fujairah, United Arab Emirates. Revenue and expenses, gains and losses relating to the discontinuation of this subsidiary have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

	2025	2024
	AED	AED
Revenue	-	519,047
Direct expenses	-	(878,429)
	-	(359,382)
Finance cost	-	(189,970)
General and administrative expenses	(836,440)	(1,161,405)
Trade receivables written off	259,057	-
Loss on disposal of property, plant and equipment	(510,917)	-
Other income / (expenses)	73,260	(280,463)
	<b>(1,015,040)</b>	<b>(1,991,220)</b>

	2025	2024
	AED	AED
<b>Cash flows from discontinued operations</b>		
Net cash inflows / (outflows) from operating activities	162,784	(2,708,294)
Net cash inflows from investing activities	2,026,000	8,258,000
Net cash outflows from financing activities	(6,372,045)	(1,955,476)
<b>Net cash (outflows) / inflows</b>	<b>(4,183,261)</b>	<b>3,594,230</b>

	2025	2024
	AED	AED
<b>Assets</b>		
Property, plant and equipments	-	3,154,558
Right-of-use assets	4,406,064	4,406,064
Inventory	-	140,287
Trade and other receivables	290,197	1,272,054
Cash and bank balances	1,587	4,184,848
<b>Liabilities</b>		
Lease liabilities	(4,652,893)	(4,652,893)
Trade and other payables	(3,401,290)	(3,648,996)
	<b>(3,356,335)</b>	<b>4,855,922</b>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 14 Share capital

	2025	2024
	AED	AED
Authorised, issued and paid up share capital: 355,865,320 shares of AED 1.00 each	<u>355,865,320</u>	<u>355,865,320</u>

#### 15 Revaluation reserve

	2025	2024
	AED	AED
Balance at the beginning	<u>34,747,500</u>	<u>34,747,500</u>
	<u>34,747,500</u>	<u>34,747,500</u>

The 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.

#### 16 Statutory reserve

	2025	2024
	AED	AED
Balance at the beginning of the year	-	161,750,412
Offsetting of loss for the period against statutory reserve	<u>-</u>	<u>(161,750,412)</u>
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>

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.

The Board of Directors resolved to offset the losses and/or the accumulated losses of the Group against the statutory reserve as on 12 September 2024. The reserve has been completely utilized to offset the partial loss as on 31 December 2024.

#### 17 Employees' end-of-service benefits

	2025	2024
	AED	AED
Balance at the beginning of the year	129,830	10,073,845
Charge for the year	382,493	822,480
Payments during the year	<u>(123,007)</u>	<u>(10,766,495)</u>
<b>Balance at the end of the year</b>	<u>389,316</u>	<u>129,830</u>

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.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 18 Bank borrowings

	2025	2024
	AED	AED
Term loan	376,803,260	376,803,260
Trust receipts	82,357,603	82,357,603
Short term loans	40,000,000	40,000,000
Overdraft	34,743,397	33,924,061
	<u>533,904,260</u>	<u>533,084,924</u>

	2025	2024
	AED	AED
Term loans movement during the year		
Balance at the beginning of the year	376,803,260	376,948,178
Received during the year	-	59,383
Restructuring from short term loan	-	-
Repaid during the year	-	(204,301)
<b>Balance at the end of the year</b>	<u>376,803,260</u>	<u>376,803,260</u>

	2025	2024
	AED	AED
Short term loans movement during the year		
Balance at the beginning of the year	40,000,000	40,000,000
<b>Balance at the end of the year</b>	<u>40,000,000</u>	<u>40,000,000</u>

*Presented in the consolidated statement of financial position as:*

	2025	2024
	AED	AED
Bank borrowings - non-current	109,391,664	192,894,526
Bank borrowings - current	424,512,596	340,190,398
	<u>533,904,260</u>	<u>533,084,924</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 18 Bank borrowings (continued)

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 2025, the Group failed to meet the below financial covenants as per bank facility letters:

#### *Dubai Islamic Bank*

- a). To maintain minimum tangible net worth of not less than AED 780 million.
- b). To maintain leverage ratio not exceeding 1.5:1 at all times.

#### *Emirates NBD PJSC*

- a). 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*

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

#### *Abu Dhabi Commercial Bank*

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

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 18 Bank borrowings (continued)

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

	<b>Maturity date</b>	<b>2025 AED</b>	<b>2024 AED</b>
<b>Loan</b>			
Term loan 1	January 2030	44,920,369	44,920,369
Term loan 2	December 2028	13,187,699	13,187,699
Term loan 3	November 2026	84,807,679	84,807,679
Term loan 4	December 2028	74,400,000	74,400,000
Term loan 5	December 2024	5,591,114	5,591,114
Term loan 6	December 2025	31,000,000	31,000,000
Term loan 7	December 2028	60,000,000	60,000,000
Term loan 8	June 2026	28,042,864	28,042,864
Term loan 9	October 2027	34,853,535	34,853,535
		<b>376,803,260</b>	<b>376,803,260</b>

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 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 2018, 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.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 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.

#### 19 Lease liabilities

Lease liabilities recognized and maturity analysis:

	2025	2024
	AED	AED
<i>Amount due for settlement within 12 months</i>		
Not later than 1 year (shown under current liabilities)	<b>76,060,908</b>	51,558,670
<i>Amount due for settlement after 12 months</i>		
Later than 1 year and not later than 5 years	<b>63,859,137</b>	85,258,657
	<b>139,920,045</b>	136,817,327

*The movement in lease liabilities is as follows:*

	2025	2024
	AED	AED
As at the beginning of the year	<b>136,817,327</b>	139,203,612
Amortization of interest expense during the year (Note 27)	<b>3,102,718</b>	3,400,118
Repayment of lease liabilities during the year	-	(379,204)
Transfers related to discontinued operations	-	(5,407,199)
<b>As at the end of the year</b>	<b>139,920,045</b>	136,817,327

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 20 Trade and other payables

	2025	2024
	AED	AED
Trade payables	207,404,261	206,591,419
Accrued expenses	109,762,320	7,541,838
Interest payable	79,288,484	45,416,655
Advances from customers	28,900,098	1,116,270
Dividends payable	3,158,634	3,158,634
Other payables	62,662	47,461
	<u>428,576,459</u>	<u>263,872,277</u>

*Presented in the consolidated statement of financial position as:*

	2025	2024
	AED	AED
Trade and other payables - non-current	898,251	4,491,264
Trade and other payables - current	<u>427,678,208</u>	<u>259,381,013</u>
	<u>428,576,459</u>	<u>263,872,277</u>

#### 21 Revenue

	2025	2024
	AED	AED
<b>Disaggregation of revenue – at a point in time</b>		
Cement	84,992,798	2,596,959
Clinker	29,996,637	-
	<u>114,989,435</u>	<u>2,596,959</u>

	2025	2024
	AED	AED
<b>Primary Geographical Markets</b>		
Within U.A.E.	88,880,845	2,293,273
Outside U.A.E. - GCC	973,471	303,686
Other countries	25,135,119	-
	<u>114,989,435</u>	<u>2,596,959</u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

22	Direct expenses	2025	2024
		AED	AED
	Cement	79,071,269	2,686,849
	Clinker	25,920,405	-
		<u>104,991,674</u>	<u>2,686,849</u>
		<u><u>104,991,674</u></u>	<u><u>2,686,849</u></u>
23	Other income	2025	2024
		AED	AED
	Renting of facilities	976,506	665,793
	Scrap sales	477,102	1,304,363
	Canteen facilities and others	6,328	95,611
		<u>1,459,936</u>	<u>2,065,767</u>
		<u><u>1,459,936</u></u>	<u><u>2,065,767</u></u>
24	Selling and distribution expenses	2025	2024
		AED	AED
	Export expenses	2,268,449	10,478
	Haulage	1,965,873	13,049
	Salaries and related benefits	812,501	1,002,056
	Travelling expenses	1,077	4,019
	Selling fee and charges	42	9,359
	Others expenses	38,666	204,453
		<u>5,086,608</u>	<u>1,243,414</u>
		<u><u>5,086,608</u></u>	<u><u>1,243,414</u></u>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 25 General and administrative expenses

	2025	2024
	AED	AED
Salaries and related benefits	3,884,993	4,252,618
Legal, license and professional	1,293,741	2,095,002
Insurance	367,831	825,288
Communication	237,278	275,157
Repairs and maintenance	223,377	630,450
Travelling	213,905	59,986
Utilities	162,874	191,982
Depreciation on right-of-use assets (Note 7)	109,530	109,531
Provision for spare parts of inventory (Note 10)	-	30,064,704
Short term leases	-	247,321
Export expenses	-	1,416
Allowance for expected credit losses	-	305,836
Social contribution	302	136
Others	1,150,612	1,506,337
	<b>7,644,443</b>	<b>40,565,764</b>

Social contribution mentioned above comprise AED 302 (2024: AED 136) to the recognized institutions.

#### 26 Production idle cost

	2025	2024
	AED	AED
Depreciation (Note 6)	23,869,345	52,838,894
Electricity	9,512,686	19,037,819
Depreciation on right-of-use assets (Note 7)	3,426,780	6,853,563
Wages and related benefits	3,149,617	10,717,927
Workshop services	624,965	2,400,639
Insurance	523,206	1,009,210
Repairs and maintenance	492,083	877,601
Others	421,511	1,334,689
	<b>42,020,193</b>	<b>95,070,342</b>

Production idle cost represent the unallocated fixed production overheads incurred when the factory was shut down temporarily till June 2025. Apart from the normal shutdown costs applicable to the plant, there were no other unallocated fixed production overheads during the year 2025.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 27 Finance cost

	2025	2024
	AED	AED
Interest on borrowings (Note 18)	43,813,242	42,956,729
Interest expense on lease liabilities (Note 19)	3,102,718	3,400,118
	<u>46,915,960</u>	<u>46,356,847</u>

#### 28 Corporate tax

##### *Current 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 Group has incurred a net loss for the year. Accordingly, no provision for corporate tax has been recognized in these consolidated financial statements.

##### *Deferred tax*

Due to Group's current financial performance and the absence of sufficiently reliable forecasts demonstrating probable future taxable profits, management has concluded that the recognition criteria under IAS 12 are not met. Accordingly, no deferred tax asset has been recorded as at the reporting date under Federal Decree-Law No. 47 of 2022.

#### 29 Basic and diluted loss per share

	2025	2024
	AED	AED
Loss for the year (AED)	(91,224,547)	(183,251,710)
Weighted average number of shares	355,865,320	355,865,320
Basic and diluted loss per share	(0.256)	(0.514)

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the reporting period. The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

#### 30 Financial instruments and risk management

##### *Material accounting policy information*

Details of material policies information 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.

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

##### Categories of financial instruments

##### 31 December 2025

	<b>Financial assets</b>	<b>Financial liabilities</b>
	<b>Amortised cost</b>	<b>Amortised cost</b>
	<b>AED</b>	<b>AED</b>
Trade and other receivables (Note 11)	2,606,893	-
Cash and cash equivalents (Note 12)	10,155,329	-
Bank borrowings (Note 18)	-	533,904,260
Lease liabilities (Note 19)	-	139,920,045
Trade and other payables (Note 20)	-	399,676,361
	<b>12,762,222</b>	<b>,073,500,666</b>

##### 31 December 2024

	<b>Financial assets</b>	<b>Financial liabilities</b>
	<b>Amortised cost</b>	<b>Amortised cost</b>
	<b>AED</b>	<b>AED</b>
Trade and other receivables (Note 11)	6,172,408	-
Cash and cash equivalents (Note 12)	792,807	-
Bank borrowings (Note 18)	-	533,084,924
Lease liabilities (Note 19)	-	136,817,327
Trade and other payables (Note 20)	-	262,756,007
	<b>6,965,215</b>	<b>932,658,258</b>

##### 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 in the consolidated financial statements approximate their fair values.

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

##### *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.

##### *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	
	2025	2024
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.	2.5% 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.
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. 1 month Term SOFR / LIBOR +1.75% p.a. in respect of USD
Overdraft	1 month EIBOR + 1.75% to 2.5% p.a.	1 month EIBOR + 1.75% to 2.5% 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% p.a. Applicable LIBOR/Term SOFR plus 3%p.a in respect of USD 6 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 2025, 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

# Fujairah Cement Industries PJSC and its subsidiary

## Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

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 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:

Particulars	Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
<b>As at 31 December 2025</b>				
<b>Financial liabilities</b>				
Bank borrowings	-	424,512,596	109,391,664	<b>533,904,260</b>
Lease liabilities	-	76,060,908	63,859,137	<b>139,920,045</b>
	-	<b>500,573,504</b>	<b>173,250,801</b>	<b>673,824,305</b>

Particulars	Non-interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
<b>As at 31 December 2025</b>				
<b>Financial assets</b>				
Trade and other receivables	-	2,606,893	-	<b>2,606,893</b>
Cash and cash equivalents	-	10,155,329	-	<b>10,155,329</b>
	-	<b>12,762,222</b>	-	<b>12,762,222</b>
<b>Financial liabilities</b>				
Trade and other payables	-	398,778,110	898,251	<b>399,676,361</b>

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

#### 30 Financial instruments and risk management (continued)

Particulars	Interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2024				
<b>Financial liabilities</b>				
Bank borrowings	-	340,190,398	192,894,526	<b>533,084,924</b>
Lease liabilities	-	51,558,670	85,258,657	<b>136,817,327</b>
	-	<b>391,749,068</b>	<b>278,153,183</b>	<b>669,902,251</b>

Particulars	Non-interest bearing			Total
	On demand or less than 3 months	Within 1 year	More than 1 year	
As at 31 December 2024				
<b>Financial assets</b>				
Trade and other receivables	-	6,172,408	-	<b>6,172,408</b>
Cash and cash equivalents	792,807	-	-	<b>792,807</b>
	<b>792,807</b>	<b>6,172,408</b>	-	<b>6,965,215</b>
<b>Financial liabilities</b>				
Trade and other payables	-	258,264,743	4,491,264	<b>262,756,007</b>

#### 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.

	2025	2024
	AED	AED
Debt	<b>533,904,260</b>	533,084,924
Cash and cash equivalents	<b>(10,155,329)</b>	(792,807)
Net debt (i)	<b>523,748,931</b>	532,292,117
Equity (ii)	<b>147,366,252</b>	238,590,799
Net debt to equity ratio	<b>32:9</b>	9:4

## Fujairah Cement Industries PJSC and its subsidiary

### Fujairah - United Arab Emirates

### Notes to the Consolidated Financial Statements for the year ended 31 December 2025

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#### 31 Contingent liabilities

The Group is currently involved in several legal cases in which it acts as the respondent, initiated by the vendors of the Group. The following are the claims from the vendors.

	<b>2025</b>	2024
	<b>AED</b>	AED
Claims from vendors	<u><b>5,332,018</b></u>	<u>5,552,677</u>

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

#### 32 Lease commitments

	<b>2025</b>	2024
	<b>AED</b>	AED
Not later than one year	<b>12,352,779</b>	22,957,438
Later than one year but not later than five years	<b>53,015,697</b>	51,301,929
Later than five years	<u><b>27,460,953</b></u>	<u>36,813,123</u>
	<u><b>92,829,429</b></u>	<u>111,072,490</u>

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

#### 33 Events after the reporting period

Subsequent to the year end, in light of the geopolitical conditions, the management has assessed that the Group's core operations continue without any material interruption and that the Group remains financially sound. The Group also continues to adhere to prudent governance standards, disciplined risk management practices, and full compliance with all applicable regulatory requirements. The management confirms that as at the date of approval of these consolidated financial statements, no material financial impact has resulted from this incident.