NATIONAL CEMENT COMPANY
(PUBLIC SHAREHOLDING CO.)

Condensed interim financial statements for the nine month period ended September 30, 2019

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

Condensed interim financial statements for the nine month period ended September 30, 2019

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Independent Auditors' Report on Review of Interim Financial Statements

The Shareholders,

National Cement Company (Public Shareholding Company)

Introduction

We have reviewed the accompanying 30 September 2019 condensed interim financial statements of National Cement Company (Public Shareholding Company) ("the Company"), which comprises:

- the condensed statement of financial position as at 30 September 2019;
- the condensed statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2019;
- the condensed statement of cash flows for the nine-month period ended 30 September 2019;
- the condensed statement of changes in equity for the nine-month period ended 30 September 2019; and
- notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying September 30, 2019 condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter relating to comparative information

The financial statements of the Company as at and for the years ended 31 December 2018 and 31 December 2017 from which the statement of financial position as at January 1, 2018 has been derived, excluding the adjustments described in Note 5 to the financial statements were audited by other auditors who expressed an unmodified opinion on those financial statements on 31 March 2019 and 21 March 2018 respectively. Furthermore, the condensed interim financial statements of the Company as at and for the three month and nine month periods ended 30 September 2018 excluding the adjustments described in Note 5 to the financial statements were reviewed by another auditor who issued an unmodified review conclusion on those financial statements on 14 November 2018.

As part of our review of the condensed interim financial statements as at and for the three month and nine month periods ended 30 September 2019, we reviewed the adjustments described in Note 5 that were applied to restate the comparative information presented as at 31 December 2018 and for the three month and nine month periods ended 30 September 2018 and the statement of financial position as at 1 January 2018. We were not engaged to audit, review, or apply any procedures to the financial statements as at 31 December 2018 or 31 December 2017 (not presented herein) or statement of financial position as at 1 January 2018 or condensed interim financial statements for the three month and nine month periods ended 30 September 2018, other than with respect to the adjustments described in Note 5 to the condensed interim financial statements. Accordingly, we do not express a review conclusion or any other form of assurance on those financial statements taken as a whole. However, in our opinion, the adjustments described in Note 5 are appropriate and have been properly applied.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 13 NOV 2019

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 *(unaudited)*

	Note	*Nine month period ended*		*Three month period ended*	
		September 30, 2019 AED'000	**September 30, 2018 AED'000** *(restated)**	**September 30, 2019 AED'000**	**September 30, 2018 AED'000** *(restated)**
Revenue		**148,809**	165,241	**47,038**	58,563
Direct costs	6	**(155,752)**	(157,120)	**(49,833)**	(56,493)
Gross (loss) / profit		**(6,943)**	8,121	**(2,795)**	2,070
Other operating income	7	**11,862**	15,090	**3,382**	4,841
Administration, selling and general expenses		**(22,632)**	(21,335)	**(9,806)**	(7,130)
Operating (loss) / profit		**(17,713)**	1,876	**(9,219)**	(219)
Finance income	8	**25,361**	28,460	**7,311**	8,085
Finance cost	9	**(14,375)**	(16,449)	**(3,575)**	(7,021)
Dividend income from equity investments		**36,738**	36,862	**5,645**	5,984
Debt investments at FVTPL - net change in fair value		**17,098**	(17,835)	**58**	(13,006)
Reversal / (charge) of impairment on trade and other receivables - net		**4,121**	(22,967)	**13,276**	(4,724)
Profit/ (loss) for the period		**51,230**	9,947	**13,496**	(10,901)
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Equity investments at FVOCI - net change in fair value		**(129,426)**	18,628	**(115,522)**	(48,287)
Items that are or maybe reclassified subsequently to profit or loss:					
Debt investments at FVOCI - net change in fair value		**2,263**	(3,729)	**(60)**	3,746
Debt investments at FVOCI - reclassification to profit or loss on maturity		**(160)**	1,668	**901**	901
Other comprehensive income for the period		**(127,323)**	16,567	**(114,681)**	(43,640)
Total comprehensive income for the period		**(76,093)**	26,514	**(101,185)**	(54,541)
Basic and diluted earnings per share	10	**0.14**	0.03	**0.04**	**(0.03)**

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim financial statements

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited) *(restated)**	January 1, 2018 AED'000 (Audited) *(restated)**
Non current assets				
Property, plant and equipment	11	**209,104**	219,599	224,486
Investment properties	12	**2,924**	2,924	2,924
Investments in financial assets	13	**938,607**	1,082,982	1,117,450
Investment in an associate	14	-	-	-
Loan receivable from associate	15	**316,000**	316,000	316,000
Total non current assets		**1,466,635**	1,621,505	1,660,860
Current assets				
Investment in financial assets	13	**79,367**	56,063	103,749
Inventories	16	**73,555**	61,931	59,696
Trade and other receivables	17	**112,900**	159,761	147,585
Cash in hand and at bank	19	**26,219**	57,522	21,621
Total current assets		**292,041**	335,277	332,651
Total assets		**1,758,676**	1,956,782	1,993,511
Equity and Liabilities				
Equity				
Share capital		**358,800**	358,800	358,800
Share application money		**26**	26	26
Statutory reserve		**179,402**	179,402	179,402
General reserve		**313,323**	316,517	316,517
Fair value reserve of available-for-sale financial assets		-	-	536,573
Fair value reserve of financial assets at FVOCI		**473,246**	600,569	-
Retained earnings		**51,230**	32,686	140,831
		1,376,027	1,488,000	1,532,149
Non current liabilities				
Provision for employees' end of service gratuities		**20,836**	21,059	23,418
Interest bearing loans and borrowing	20	**167,081**	42,859	128,576
		187,917	63,918	151,994
Current liabilities				
Interest bearing loans and borrowing	20	**134,361**	332,232	238,727
Trade and other payables	21	**60,371**	72,632	70,641
Total current liabilities		**194,732**	404,864	309,368
Total liabilties		**382,649**	468,782	461,362
Total equity and liabilities		**1,758,676**	1,956,782	1,993,511

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim financial statements.

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on November 12, 2019 and were signed on their behalf by:

Chairman **Vice Chairman**

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 *(unaudited)*

	Note	September 30, 2019 AED'000	September 30, 2018 AED'000 *(restated)**
Cash flows from operating activities			
Net profit for the period		**51,230**	9,947
Adjustments for:			
Depreciation	11	**12,775**	11,204
Provision for employees' end of service gratuities		**1,033**	974
Reversal / (charge) of impairment on trade and other receivables	17	**(4,121)**	22,967
Fair value change in investment at FVTPL		**(17,098)**	17,835
Profit on sale of property, plant and equipment		**(7)**	(30)
Finance cost	9	**14,375**	16,449
Finance income	8	**(25,361)**	(28,460)
Dividend income		**(36,738)**	(36,862)
Operating profit / (loss) before working capital changes		**(3,912)**	14,024
Change in inventories		**(11,624)**	(3,050)
Change in trade and other receivables		**65,095**	(23,455)
Change in trade and other payables		**(8,106)**	(1,443)
Payment of end of service benefits		**(1,255)**	(3,042)
Net cash generated from / (used in) operating activities		**40,198**	(16,966)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	**(2,279)**	(9,945)
Proceeds from sale of property, plant and equipment		**7**	30
Investments in financial assets		**(45,475)**	(88,562)
Proceeds from maturity / disposals of financial assets		**56,482**	134,966
Dividend income		**36,738**	36,862
Interest income		**11,085**	16,161
Net cash generated from investing activities		56,558	89,512
Cash flows from financing activities			
Net (repayment)/drawdown on bank borrowings		**(46,610)**	(7,848)
Dividend paid	22	**(35,880)**	(65,066)
Interest expenses paid		**(18,530)**	(12,960)
Net cash used in financing activities		**(101,020)**	(85,874)
Net decrease in cash and cash equivalents		**(4,264)**	(13,328)
Cash and cash equivalents at beginning of the period		**24,175**	18,078
Cash and cash equivalents at end of the period	19	**19,911**	4,750

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim financial statements

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (unaudited)

	Share capital AED'000	*Share Application money AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Fair value reserve of AFS Investments AED'000*	*Fair value reserve of financial assets at FVOCI AED'000*	*Retained earnings AED'000*	*Total AED'000*
At January 1, 2018, as previously reported	358,800	26	179,402	316,517	550,573	-	140,831	1,546,149
Impact of correction of error (Note 5)	-	-	-	-	(14,000)	-	-	(14,000)
Restated balance as at January 1, 2018	358,800	26	179,402	316,517	536,573	-	140,831	1,532,149
Adjustment of initial IRFS Effect of adoption of IFRS 9	-	-	-	-	(536,573)	550,643	(17,581)	(3,511)
Profit for the period (restated)*	-	-	-	-	-	-	9,947	9,947
Other comprehensive income (restated)*	-	-	-	-	-	16,567	-	16,567
Total comprehensive income for the period (restated)*	-	-	-	-	-	16,567	9,947	26,514
Distribution to owners								
Dividend paid (refer note 22)	-	-	-	-	-	-	(53,820)	(53,820)
Total distribution to owners	-	-	-	-	-	-	(53,820)	(53,820)
At September 30, 2018 (restated)*	358,800	26	179,402	316,517	-	567,210	79,377	1,501,332
At January 1, 2019	358,800	26	179,402	316,517	-	600,569	32,686	1,488,000
Profit for the period	-	-	-	-	-		51,230	51,230
Other comprehensive income	-	-	-	-	-	(127,323)	-	(127,323)
Total comprehensive income for the period	-	-	-	-	-	(127,323)	51,230	(76,093)
Distribution to owners								
Dividend paid (refer note 22)	-	-	-	(3,194)	-	-	(32,686)	(35,880)
Total distribution to owners	-	-	-	(3,194)	-	-	(32,686)	(35,880)
At September 30, 2019	**358,800**	**26**	**179,402**	**313,323**	**-**	**473,246**	**51,230**	**1,376,027**

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim financial statements

1 Status and activities

National Cement Company (Public Shareholding Co.), Dubai ("the Company"), is registered in accordance with the decree issued by His Highness Ruler of Dubai on April 10, 1968 establishing a cement company in the Emirate of Dubai. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from June 28, 2015 replacing the previous Federal Law No. 8 of 1984. The registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

The principal activity of the Company is to manufacture and sell cement and cement related products. The Company also invests in equity, debt and structured investment securities. The Company is listed on the Dubai Financial Market since 2005.

The interim condensed financial statements for the nine month period ended September 30, 2019 were authorized for issue by the Board of Directors on November 12, 2019.

2 Basis of preparation of the condensed interim financial statements

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim condensed financial statements (International Accounting Standard 34 Interim Financial Reporting). These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2018.

These interim condensed financial statements are presented in thousands of UAE Dirhams (AED'000) unless otherwise stated.

These condensed interim financial statements have been presented on the historical cost basis except for investments carried at fair value through other comprehensive income ("FVOCI"), investments carried at fair value through profit or loss ("FVTPL") and derivative financial instruments which are measured at fair value.

Accounting estimates and judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those that were applied in preparation of the financial statements of the Company as at and for the year ended December 31, 2018.

The Company has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

3 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statement for the year ended December 31, 2018. The Company has adopted IFRS 16 *Leases* from January 1, 2019, however, has no material impact on the Company's condensed interim financial statements. A number of new standards are also effective from January 1, 2019 but they also do not have a material effect on the Company's condensed interim financial statements.

4 Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial information, and should be read in conjunction with the Company's annual financial statements as at December 31, 2018. The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended December 31, 2018.

5 Restatement of comparative figures

The comparative information as at December 31, 2018 and for the three month and nine month periods ended September 30, 2018 and the statement of financial position as at January 1, 2018 has been restated. In addition, certain comparative information has been reclassified to conform to the current year's presentation. The following is the summary of the restatements and reclassifications made to the comparative figures:

	As previously reported AED' 000 Three month period ended September30, 2018	Restatement AED' 000	Reclassification AED' 000	Restated balances AED' 000 Three month period ended September30, 2018
Statement of profit or loss				
Other income	4,841	-	(4,841)	-
Other operating income	-	-	4,841	4,841
Income from investments	6,971	-	(6,971)	-
Dividend income on equity investments	-	-	5,984	5,984
Debt investments at FVTPL - net change in fair value	-	(15,795)	2,789	(13,006)
Finance cost	(6,431)	-	(590)	(7,021)
Finance income	8,986	-	(901)	8,085
Administrative, selling and general expenses	(6,819)	-	(311)	(7,130)
Impairment loss on trade and other receivables	-	(4,724)	-	(4,724)
Profit/ (loss) for the period	9,618	(20,519)	-	(10,901)
Statement of other comprehensive income				
Equity Investments at FVOCI -net change in fair value	(48,287)	-	-	(48,287)
Debt Investments at FVOCI -net change in fair value	(12,049)	15,795	-	3,746
Total other comprehensive income	(59,435)	15,795	-	(43,640)
Total Comprehensive Income	**(49,817)**	**(4,724)**	**-**	**(54,541)**

5 **Restatement of comparative figures** *(continued)*

	As previously reported AED' 000 Nine month period ended September 30, 2018	Restatement AED' 000	Reclassification AED' 000	Restated balances AED' 000 Nine month period ended September 30, 2018
Statement of profit or loss				
Other income	15,090	-	(15,090)	-
Other operating income	-	-	15,090	15,090
Income from investments	37,041	(859)	(36,182)	-
Dividend income on equity investments	-	-	36,862	36,862
Debt investments at FVTPL - net change in fair value	-	(19,723)	1,888	(17,835)
Finance cost	(16,171)	-	(278)	(16,449)
Finance income	30,128	-	(1,668)	28,460
Administrative, selling and general expenses	(29,713)	-	8,378	(21,335)
Impairment loss on trade and other receivables	-	(13,967)	(9,000)	(22,967)
Profit/ (loss) for the period	44,496	(34,549)	-	9,947
Statement of other comprehensive income				
Equity Investments at FVOCI - net change in fair value	17,769	859	-	18,628
Debt investments at FVOCI - net change in fair value	(23,452)	19,723	-	(3,729)
Change in foreign exchange tranlation reserve	(158,024)	158,024	-	-
Total other comprehensive income	(162,039)	178,606	-	16,567
Total Comprehensive Income	**(117,543)**	**144,057**	**-**	**26,514**

	As previously reported AED' 000 January 1, 2018	Restatement AED' 000	Reclassification AED' 000	Restated balances AED' 000 January 1, 2018
Statement of financial position				
Non Current Assets				
Investments in financial assets	1,131,450	(14,000)	-	1,117,450
Total non-current assets	**1,674,860**	**(14,000)**	**-**	**1,660,860**
Current Assets				
Trade and other receivables (including due from related parties)	183,211	-	(35,626)	147,585
Total current assets	**368,277**	**-**	**(35,626)**	**332,651**
Equity				
Fair value reserve of available-for-sale financial assets	550,573	(14,000)	-	536,573
Total Equity	**1,546,149**	**(14,000)**	**-**	**1,532,149**
Current Liabilities				
Trade and other payables (including due to related parties)	106,267	-	(35,626)	70,641
Total current liabilities	**344,994**	**-**	**(35,626)**	**309,368**

	As previously reported AED' 000 December 31. 2018	Restatement AED' 000	Reclassification AED' 000	Restated balances AED' 000 December 31. 2018
Statement of financial position				
Non Current Assets				
Investments in financial assets	1,096,982	(14,000)	-	1,082,982
Total non-current assets	**1,635,505**	**(14,000)**	**-**	**1,621,505**
Current Assets				
Trade and other receivablés (including due from related parties)	214,078	-	(54,317)	159,761
Total current assets	**389,594**	**-**	**(54,317)**	**335,277**
Equity				
Fair value reserve of financial assets at FVOCI	614,569	(14,000)	-	600,569
Total Equity	**1,502,000**	**(14,000)**	**-**	**1,488,000**
Current Liabilities				
Trade and other payables (including due to related parties)	126,949	-	(54,317)	72,632
Total current liabilities	**459,181**	**-**	**(54,317)**	**404,864**

5 Restatement of comparative figures *(continued)*

	As previously reported	Restatement	Restated balances
	AED Nine month period ended September 30, 2018	AED	AED Nine month period ended September 30, 2018
Basic & Diluted Earnings per share (AED)	0.12	(0.09)	0.03

There is no material impact on Company's total operating, investing and financing cash flows for the nine month ended September 30, 2019.

5.1 ***Accounting for Investment in Associate***

During 2018, management performed an assessment and determined that the financial statements of the associate in Sudan need to be prepared in accordance with the requirements of IAS 29, whereby management considered that Sudan falls under the definition of a hyperinflationary economy. In addition, management identified certain inconsistencies between the accounting policies adopted by the associate in preparing the financial statements and those adopted by the Company under IFRS, and assessed the effect of adopting uniform accounting policies on the carrying amount of the investment on the Company's financial statements. As at December 31, 2018, management decreased the carrying amount of the investment in the associate at the earliest reporting date (i.e. January 1, 2017) to nil. The below summarises the impact on the previously reported Statement of Other Comprehensive Income in the condensed interim financial information for the three month and nine month periods ended September 30, 2018:

	Nine month period ended September 30, 2018 AED'000 (Debit) / Credit	Three month period ended September 30, 2018 AED'000 (Debit) / Credit
Other Comprehensive Income		
Changes in foreign exchange translation reserve	158,024	-

5.2 ***Prior year unrecorded provisions***

During 2018, management identified unrecorded provisions and the financials for the year ended December 31, 2018 were restated to reflect the impact of such adjustments. The below summarises the impact on the previously reported Statement of Profit or loss in the condensed interim financial information for the three month and nine month periods ended September 30, 2018:

	Nine month period ended September 30, 2018 AED'000 (Debit) / Credit	Three month period ended September 30, 2018 AED'000 (Debit) / Credit
Profit or Loss		
Impairment loss on trade and other receivables	(13,967)	(4,724)

5.3 ***Reclassification of Investments from FVTPL to FVOCI***

As at December 31, 2018, management had reclassified certain equity instruments which were earlier classified at Fair Value through Profit or Loss (FVTPL) to Fair Value through Other Comprehensive Income (FVOCI). The Statement of Profit or Loss for the three-month and nine month periods ended September 30, 2018 has been restated to reflect the impact of such adjustment. The below summarises the impact on the previously reported Statement of Profit or loss and Statement of Other Comprehensive Inocme in the condensed interim financial information for the three month and nine month period ended September 30, 2018:

	Nine month period ended September 30, 2018 AED'000 (Debit) / Credit	Three month period ended September 30, 2018 AED'000 (Debit) / Credit
Profit or Loss		
Income from Investments	(859)	-
Other Comprehensive Income		
Equity Investments at FVOCI - net change in fair value	859	-

5.4 ***Reclassification of Investments from FVOCI to FVTPL***

As at December 31, 2018, management had reclassified certain debt instruments which were earlier classified at FVOCI to FVTPL. The Statement of Profit or Loss for the three month and nine month period ended September 30, 2018 has been restated to reflect the impact of such adjustment. The below summarises the impact on the previously reported Statement of Profit or loss and Statement of Other Comprehensive Income in the condensed interim financial information for the three month and nine month period ended September 30, 2018:

	Nine month period ended September 30, 2018 AED'000 (Debit) / Credit	Three month period ended September 30, 2018 AED'000 (Debit) / Credit
Profit or Loss		
Debt investments at FVTPL - net change in fair value	(19,723)	(15,795)
Other Comprehensive Income		
Investments carried at FVOCI	19,723	15,795

5 Restatement of comparative figures *(continued)*

5.5 ***Restatement of valuation of Investments at FVOCI***

During 2019, the Company noted an adjustment of AED 14 million towards reduction in fair value of investment in unquoted shares. This adjustment relates to prior years, and was not being recorded, resulting in overstatement of investments in financial assets and equity. This has been corrected by restating the affected financial statement line items for the earliest comparative period. The below summarises the overall impact on the previously reported financial information.

	January 1, 2018 AED'000 Debit / (Credit)
Non Current Assets	
Investments in financial assets	(14,000)
Equity	
Fair value reserve of available-for-sale financial assets	14,000

The adjustment also result in restatement of investment in financial asset and equity as at December 31, 2018.

5.6 Other reclassifications in comparative information were performed to adopt the presentation during the current period and does not affect the previously reported net profit / loss and net asset position.

6 Cost of Goods Sold

	Nine month period ended		Three month period ended	
	September 30, 2019 AED'000	September 30, 2018 AED'000	**September 30, 2019 AED'000**	September 30, 2018 AED'000
Material Expenses	**86,653**	91,267	**28,427**	36,579
Utilities and other factory costs	**41,453**	39,933	**12,557**	11,383
Staff costs	**16,440**	15,916	**5,151**	5,184
Depreciation	**11,206**	10,004	**3,698**	3,347
	155,752	157,120	**49,833**	56,493

7 Other operating income

	Nine month period ended		Three month period ended	
	September 30, 2019 AED'000	September 30, 2018 AED'000 (restated)	**September 30, 2019 AED'000**	September 30, 2018 AED'000 (restated)
Rental income	**5,467**	7,274	**1,602**	2,334
Sale of scrap and other non trading material	**5,790**	7,109	**1,595**	2,226
Others	**605**	707	**185**	281
	11,862	15,090	**3,382**	4,841

8 Finance income

	Nine month period ended		Three month period ended	
	September 30, 2019 AED'000	September 30, 2018 AED'000 (restated)	**September 30, 2019 AED'000**	September 30, 2018 AED'000 (restated)
Interest income on loan to associate	**13,967**	13,967	**4,724**	4,724
Interest income on investments in financial assets	**11,085**	16,161	**3,549**	4,262
Debt investments at FVOCI - gain/ (loss) on maturity reclassified from OCI	**160**	(1,668)	**(901)**	(901)
Change in fair value of derivative financial instruments	**149**	-	**(61)**	-
	25,361	28,460	**7,311**	8,085

9 Finance cost

	Nine month period ended		Three month period ended	
	September 30, 2019 AED'000	September 30, 2018 AED'000 (restated)	**September 30, 2019 AED'000**	September 30, 2018 AED'000 (restated)
Bank term loans - interest	**13,792**	14,767	**3,551**	7,021
Bank overdrafts - interest	**224**	1,682	**24**	-
Loan Processing Fees	**359**	-	-	-
	14,375	16,449	**3,575**	7,021

10 Earnings per share

	Nine month period ended		Three month period ended	
	September 30, 2019 AED'000	September 30, 2018 AED'000 (restated)	**September 30, 2019 AED'000**	September 30, 2018 AED'000 (restated)
Net profit / (loss) attributable to shareholders	**51,230**	9,947	**13,496**	(10,901)
Weighted average number of shares (in thousands)	**358,800**	358,800	**358,800**	358,800
Earnings per share (Basic and diluted) (in AED)	**0.14**	0.03	**0.04**	(0.03)

11 Property, plant and equipment

During the nine month period ended September 30, 2019 additions to property, plant and equipment amounted to AED 2.27 million *(nine month period ended September 30, 2018: AED 9.95 million)* and assets with a gross block of AED 0.03 million (net block: Nil) was disposed off during the period. Depreciation charge for the period amounts to AED 12.77 million *(nine month period ended September 30, 2018: AED 11.2 million)*. There are no significant capital commitments outstanding as at September 30, 2019.

12 Investment properties

Investment properties represent land and villas constructed thereon. No investment properties were bought or sold during the current period and no depreciation was charged as the assets are fully depreciated. Land is not depreciated.

The fair market value of investment properties, including land, is estimated to be AED 90 million (2018: AED 67 million) as per the external valuation (2018: internal valuation) carried out by the Land Department, Government of Dubai as at June 19, 2019. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals. It is categorised as Level 3 fair value based on valuation inputs used.

13 Investments in financial assets

	September 30, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited) (restated)
Current financial assets		
Investments at FVOCI	**11,991**	32,362
Investments at FVTPL	**67,376**	23,701
	79,367	56,063
Non-current financial assets		
Investments at FVOCI	**822,174**	947,930
Investments at FVTPL	**116,433**	135,052
	938,607	1,082,982

The categories of investments in financial assets are as follows:

	September 30, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)
Quoted equity instruments - at fair value	**713,203**	824,629
Debt instruments - at fair value	**262,904**	254,549
Unquoted equity instruments	**41,867**	59,867
	1,017,974	1,139,045

Equity instruments designated at fair value through OCI include investments in equity shares of listed and non-listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

Debt instruments at fair value through OCI include investments in quoted government and corporate bonds. Fair values of these debt instruments are determined by reference to published price quotations in an active market.

Financial assets at fair value through profit or loss include investments in listed debt instrument shares. Fair values of these instruments are determined by reference to published price quotations in an active market.

At September 30, 2019, investments in marketable securities amounting to AED 6.61 million *(2018: AED 7.86 million)* are held in the personal name of the Company's General Manager for the beneficial interest of the Company.

Investments in financial assets amounting to AED 630 million *(2018: AED 600 million)* are pledged with banks against loans and borrowings (Note 20).

The movement in different classes of investments in financial assets during the year are as follows -

	Nine-month period ended September 30, 2019 (Unaudited)		
	Debt instruments at FVOCI AED'000	**Debt instruments at FVTPL AED'000**	**Equity instruments at FVOCI AED'000**
At January 1, 2019	95,796	158,753	884,496
Additions during the period	11,015	34,461	-
Matured / Redeemed during the period	(29,979)	(26,503)	-
Change in fair value	2,263	17,098	(129,426)
	79,095	183,809	755,070

13 Investments in financial assets *(continued)*

	Year ended December 31, 2018 (Audited) (restated)			
	Debt instruments at FVOCI	Debt instruments at FVTPL	Equity instruments at FVOCI	AFS instruments
	AED'000	AED'000	AED'000	AED'000
At January 1, 2018	-	-	-	1,221,199
Reclassification on adoption of IFRS 9	126,465	264,605	830,129	(1,221,199)
Additions during the period	-	100,315	-	-
Matured / Redeemed during the period	(21,396)	(148,181)	-	-
Change in fair value	(9,273)	(57,986)	54,367	-
	95,796	158,753	884,496	-

14 Investment in an associate

Investment in an associate represents 25.43% *(2018: 25.43%)* share in Berber Cement Company Ltd, a limited liability company registered in the Republic of Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's interest in Berber Cement Company Ltd. is accounted for using the equity method in the financial statements.

In prior period the Company has accounted for the investments after taking account of the effect of hyperinflationary economy and of using uniform accounting policies while preparing the financial statements of the associate. Furthermore, as the associate has accumulated losses and negative equity position, the Company has fully written off its cost of investment in the associate and it has no obligation towards these losses.

15 Loan receivable from associate

This amount represents AED denominated loan given to the associate and was recoverable in ten instalments over a period of five years beginning from December 2014. The interest rate on this loan is charged at the rate of 5.85% per annum. As at the reporting date, management is in process of restructuring the aforesaid loan and is not expected to be repaid within 12 months from the reporting date. Accordingly, the amount is classified as non-current.

The loan is secured by way of pledge against the assets of the associate and is guaranteed by the personal guarantees of certain shareholders of the associate. Management has performed an impairment assessment on the loan and evaluated the associate's ability to repay the loan based on the associate's projected future cash flows. Based on such assessment, and the fact that the loan is secured against pledge of assets having a realisable value significantly exceeding the loan amount at September 30, 2019, management concluded that no impairment is required on the outstanding loan balance.

16 Inventories	**September 30, 2019**	December 31, 2018
	AED'000	AED'000
	(Unaudited)	(Audited)
Raw materials	**13,180**	16,311
Work in progress	**33,491**	19,249
Finished goods	**3,301**	3,119
Consumable and spare parts	**23,583**	23,252
	73,555	61,931

17 Trade and other receivables	**September 30, 2019**	December 31, 2018
	AED'000	AED'000
	(Unaudited)	(Audited)
Receivables from third party customers	**101,102**	111,126
Due from related parties	**64,679**	106,940
Less: provision for expected/ incurred credit losses	**(59,440)**	(63,561)
	106,341	154,505
Advances to suppliers	**2,295**	1,986
Other receivables	**2,990**	2,963
Prepayments	**1,274**	307
	112,900	159,761

18 Related party transactions

The Company, in the ordinary course of its business, enters into trading and financing transactions with entities which fall within the definition of "related party" as contained in International Accounting Standard 24. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.

The significant related party transactions during the period are as follows:

	Nine month period ended		Three month period ended	
Related Party transactions	**September 30, 2019**	September 30, 2018	**September 30, 2019**	September 30, 2018
	AED'000	AED'000	**AED'000**	AED'000
Associate				
Interest Income	**13,967**	13,967	**4,724**	4,724
Other Related Parties				
Revenues	**23,195**	18,042	**7,566**	10,069
Purchases	**(6,485)**	(13,954)	**(2,165)**	(2,835)
Remuneration to key management personnel				
Salaries and other short term benefits	**2,405**	2,712	**791**	1,164
End of service benefits charged	**131**	130	**44**	43
	2,536	2,842	**835**	1,207

19 Cash and cash equivalents

	September 30, 2019	December 31, 2018
	AED'000	AED'000
	(Unaudited)	(Audited)
Cash in hand	**481**	946
Cash at banks current accounts	**19,430**	50,268
Cash at banks margin deposits	**6,308**	6,308
Cash in hand and at bank	**26,219**	57,522
Less: Margin deposits	**(6,308)**	(6,308)
Less: Bank overdraft	**-**	(27,039)
Cash & cash equivalents	**19,911**	24,175

20 Interest bearing loans and borrowings

	September 30, 2019	December 31, 2018
	AED'000	AED'000
	(Unaudited)	(Audited)
Murabaha Loan	**186,442**	171,438
Short term loans	**115,000**	176,614
Bank overdrafts	**-**	27,039
	301,442	375,091
Less: Current portion	**(134,361)**	(332,232)
Non Current portion	**167,081**	42,859

This represents:-

During the nine month period ended September 30, 2019, the Company has restructured its Murabaha agreement with a local Islamic bank for a total amount of USD 53.50 million (equivalent to AED 196.60 million) repayable in ten semi annual instalments over a period of five years maturing in 2023 (2018: maturing in the year 2020), plus profits at 3 months EIBOR + 1.95% (2018: 3 months EIBOR + 3%). As at the reporting date, AED 128.36 million (2018: AED 171.44 million) was outstanding against this facility. This loan was obtained by the Company and extended to its associate in the prior years. The Murabaha agreement is obtained against pledge of quoted equity shares having a fair value of AED 285 million as at the reporting date.

Furthermore, during the nine month period ended September 30, 2019, the Company has obtained a Murabaha loan with an Islamic bank for a total amount of SAR 60 million (equivalent to AED 58.10 million) repayable in six semi annual instalments over a period of three years maturing in 2022, plus profits at SAIBOR + 1.5%. As at the reporting date, AED 58.10 million was outstanding against this facility. The proceeds of the said loan are to affect repayment of the existing facilities. The Murabaha agreement is obtained against pledge of quoted equity shares having a fair value of AED 88.51 million as at the reporting date.

Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of AED 115 million for working capital requirements. The term of each loan obtained under this facility is for a period of 1 year. This facility bears interest at the commercial rates. This facility, along with other facilities obtained from the bank, is obtained against pledge of quoted equity shares and quoted debt instruments having a fair value of AED 256.7 million as at the reporting date.

Bank overdraft carries monthly variable interest at commercial rates.

21 Trade and other payables

	September 30, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)
Trade payables	**12,580**	25,856
Dividend payables	**17,114**	17,529
Other accruals and payables	**18,689**	15,456
Accrued interest	**3,089**	6,576
Accruals for employee benefits	**4,874**	4,874
Due to related parties	**3,471**	1,042
Advances	**554**	1,299
	60,371	72,632

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

22 Dividend

For the year 2018, a cash dividend of AED 35.88 million *(2017: AED 53.82 million)* (AED 0.10 fils per share *(2017: AED 0.15 fils per share)*) was approved by the shareholders of the Company at the Annual General Meeting held on April 22, 2019, which would be distributed from retained earnings as at 31 December 2018 and any shortfall therein will be covered through other distributable reserves (i.e. general reserve). The dividend was paid in full during the nine month period ended September 30, 2019.

23 Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in hand and at bank, trade and other receivables, loan receivables and financial assets at fair value. Financial liabilities consist of interest bearing loans and borrowings and trade and other payables.

The fair values of financial instruments are not materially different from their carrying values.

The following table presents the Company's financial assets that are measured at fair value, by valuation method:

September 30, 2019 (Unaudited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Quoted equity instruments at FVOCI	**713,203**	-	-	**713,203**
Unquoted equity instruments	-	-	**41,867**	**41,867**
Quoted debt instruments at FVOCI	-	**79,095**	-	**79,095**
Quoted debt instruments at FVTPL	-	**183,809**	-	**183,809**
	713,203	**262,904**	**41,867**	**1,017,974**

December 31, 2018 (Audited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Quoted equity instruments at FVOCI	824,628	-	-	824,628
Unquoted equity instruments	-	-	59,867	59,867
Quoted debt instruments at FVOCI	-	95,796	-	95,796
Quoted debt instruments at FVTPL	-	158,754	-	158,754
	824,628	254,550	59,867	1,139,045

24 Segment Reporting

The Company's activities comprise two main business segments: 1) manufacturing and selling cement and cement related products (known as "Cement" segment) and 2) investment in debt, equity and structured products, securities, properties and associate (known as "Investment" segment). The details of segment revenue, segment result, segment assets and segment liabilities have been provided below.

	Nine month period ended September 30, 2019			Nine month period ended September 30, 2018 (restated)*		
	Cement AED'000	**Investment AED'000**	**Total AED'000**	Cement AED'000	Investment AED'000	Total AED'000
Revenue from customers	**148,809**	-	**148,809**	165,241	-	165,241
Direct costs (excluding depreciation)	**(144,546)**	-	**(144,546)**	(147,116)	-	(147,116)
Depreciation	**(11,206)**	-	**(11,206)**	(10,004)	-	(10,004)
Administration, selling and general expenses	**(22,632)**	-	**(22,632)**	(21,335)	-	(21,335)
Reversal / (charge) of impairment on trade and other receivables	**88**	**4,033**	**4,121**	(9,000)	(13,967)	(22,967)
Other operating income	**9,241**	**2,621**	**11,862**	13,196	1,894	15,090
Finance cost	**(5,854)**	**(8,521)**	**(14,375)**	(8,420)	(8,029)	(16,449)
Finance income	-	**25,361**	**25,361**	-	28,460	28,460
Dividend income	-	**36,738**	**36,738**	-	36,862	36,862
Others	-	**17,098**	**17,098**	-	(17,835)	(17,835)
Segment (loss)/profit	**(26,100)**	**77,330**	**51,230**	(17,438)	27,385	9,947

	September 30, 2019 AED'000 (Unaudited)			December 31, 2018 AED'000 (Audited) (restated)		
	Cement AED'000	**Investment AED'000**	**Total AED'000**	Cement AED'000	Investment AED'000	Total AED'000
Total assets#	**395,559**	**1,336,898**	**1,732,457**	405,665	1,493,595	1,899,260
Total liabilities	**196,207**	**186,442**	**382,649**	297,354	171,428	468,782
Capital Expenditure	**2,279**	-	**2,279**	12,652	-	12,652

* Refer note 5

Cash and bank balances are not allocated to individual segments as these are managed and utilised as needed

Additional information required by IFRS 8 *Segment Reporting,* is disclosed below

a) Information about geographical segments

All the sales of the Company for the nine month period ended September 30, 2019 and nine month period ended September 30, 2018 is within UAE.

b) Major customers

During the nine month period ended September 30, 2019, there were 3 customers *(September 30, 2018: 3 customers)* with revenues greater than 10% of the total revenue of the Company.

25 Contingent liabilities

	September 30, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)
Letters of guarantee	**3,009**	4,619
Letters of credit	-	4,607

26 Operating lease

Leases as lessee

The Company has leased plots of land under operating leases on which residential flats for staff accommodation are located. These leases are for a period of one year and renewed based on market prices at the date of renewal and mutually agreed commercial terms. The Company does not have an obligation to renew these leases and have right to vacate upon expiry of the lease term.

Leases as lessor

The Company had leased residential villas on operating leases to earn rental income. These leases are for a period of one year, with an option to renew the lease on market prices at the date of renewal and mutually agreed commercial terms.