National Cement Company
(Public Shareholding Co)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2020

Ernst & Young Middle East
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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

Introduction

We have reviewed the accompanying interim condensed financial statements of National Cement Company (Public Shareholding Co.) (the "Company") as at 31 March 2020, which comprise the interim statement of financial position as at 31 March 2020, and the related interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 *International Accounting Standard* (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with 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. Consequently, it 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.

Basis for Qualified Conclusion

1. As disclosed in Note 8 to the interim condensed financial statements, as at 31 March 2020, the Company has investment in an unquoted equity investment classified as Fair Value through Other Comprehensive Income (FVOCI) amounting to AED 41,868 thousand. We were not provided with sufficient appropriate audit evidence supporting the measurement of fair value as of the reporting date. As a result, we are unable to determine whether any adjustment to the carrying amount of the investment was necessary at 31 March 2020.

2. As disclosed in Note 10 to the interim condensed financial statements, the Company has extended a loan of AED 316,000 thousand to its associate. Although the associate had a history of default in meeting the loan repayment commitments and the renewal of the loan agreement has not yet been finalized, management considers the loan to be fully recoverable on the basis that there are adequate and sufficient securities against the loan. As a result of the history of default, absence of a renewed loan agreement, and absence of a formal and recent valuation of the associate's pledged assets, we were unable to determine whether any impairment would have been required to the carrying amount of the loan at the reporting date.

Qualified Conclusion

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

Other Matters

We draw attention to the fact that the financial statements of the Company as at and for the year ended 31 December 2019 were audited by another auditor who issued a modified audit report on those statements on 26 March 2020 due to the inability to obtain sufficient appropriate evidence to conclude on the measurement of the fair value of an unquoted equity investment and the determination of expected credit loss on the loan to the associate.

We also draw attention that the interim condensed financial statements of the Company as at and for the three-month period ended 31 March 2019 were reviewed by another auditor who issued a modified review conclusion on those financial statements on 14 May 2019 due to the inability to obtain sufficient appropriate evidence on the opening balances as of 1 January 2019.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

13 August 2020

Dubai, United Arab Emirates

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2020

		Three-months ended	
	Notes	***31 March 2020 AED '000 (Unaudited)***	*31 March 2019 AED '000 (Unaudited)*
Revenue		**39,578**	54,305
Direct costs	3	**(58,790)**	(55,520)
GROSS LOSS		**(19,212)**	(1,215)
Other operating income	4	**3,940**	4,364
Administration and general expenses	5	**(5,632)**	(5,475)
Selling and distribution expenses		**(432)**	(789)
Impairment on trade and other receivables		**-**	(4,482)
OPERATING LOSS		**(21,336)**	(7,597)
Finance income	6	**8,966**	8,052
Finance cost		**(2,927)**	(5,353)
Dividend income from equity investments		**7,615**	24,903
Net change in fair value of debt instruments at FVTPL	8	**(51,969)**	18,134
(LOSS)/PROFIT FOR THE PERIOD		**(59,651)**	38,139
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss in subsequent periods:			
Net change in fair value of equity instruments at FVOCI	8	**(54,098)**	31,539
Items that may be reclassified to profit or loss in subsequent periods:			
Net change in fair value of debt instruments at FVOCI	8	**(12,919)**	3,545
Other comprehensive (loss)/income for the period		**(67,017)**	35,084
Total comprehensive (loss)/income for the period		**(126,668)**	73,223
Earnings per share			
Basic and diluted earnings per share (AED)	17	**(0.17)**	0.11

The attached notes 1 to 22 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.)

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	***31 March 2020 AED '000 (Unaudited)***	*31 December 2019 AED '000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**199,299**	203,783
Intangible assets		**2,849**	3,000
Investment properties		**2,924**	2,924
Investments in financial assets	8	**853,858**	958,648
Loan receivable from an associate	10	**316,000**	316,000
		1,374,930	1,484,355
Current assets			
Investments in financial assets	8	**76,107**	100,889
Inventories	13	**72,414**	68,380
Trade and other receivables	11	**85,134**	99,752
Advances and other receivables		**5,293**	1,340
Bank balances and cash	15	**59,489**	30,294
		298,437	300,655
TOTAL ASSETS		**1,673,367**	1,785,010
EQUITY AND LIABILITIES			
Equity			
Share capital		**358,800**	358,800
Share application money		**26**	26
Statutory reserve		**179,402**	179,402
General reserve		**313,323**	313,323
Fair value reserve of financial assets at FVOCI		**436,031**	503,048
Retained earnings		**14,129**	73,780
Total equity		**1,301,711**	1,428,379
Non-current liabilities			
Bank borrowings	16	**83,365**	145,927
Employees' end of service benefits		**20,588**	20,773
		103,953	166,700
Current liabilities			
Bank borrowings	16	**199,975**	134,740
Trade and other payables	12	**67,728**	55,191
		267,703	189,931
Total liabilities		**371,656**	356,631
TOTAL EQUITY AND LIABILITIES		**1,673,367**	1,785,010

These interim condensed financial statements were authorised for issue by the Board of Directors on 13 August 2020 and signed by:

Chairman

Vice Chairman

The attached notes 1 to 22 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Share capital AED'000	*Share application money AED'000*	*Fair value reserve of financial assets at FVOCI AED'000*	*General reserve AED'000*	*Statutory reserve AED'000*	*Retained earnings AED'000*	*Total equity AED'000*
Balance as at 1 January 2020 (Audited)	358,800	26	503,048	313,323	179,402	73,780	1,428,379
Loss for the period	-	-	-	-	-	(59,651)	(59,651)
Other comprehensive loss for the period	-	-	(67,017)	-	-	-	(67,017)
Total comprehensive loss for the period	-	-	(67,017)	-	-	(59,651)	(126,668)
As at 31 March 2020 (Unaudited)	**358,800**	**26**	**436,031**	**313,323**	**179,402**	**14,129**	**1,301,711**
Balance as at 1 January 2019 (Audited)	358,800	26	614,569	316,517	179,402	32,686	1,502,000
Profit for the period	-	-	-	-	-	38,139	38,139
Other comprehensive income for the period	-	-	35,084	-	-	-	35,084
Total comprehensive income for the period	-	-	35,084	-	-	38,139	73,223
As at 31 March 2019 (Unaudited)	358,800	26	649,653	316,517	179,402	70,825	1,575,223

The attached notes 1 to 22 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CASH FLOWS
For the three months ended 31 March 2020

	Notes	*Three months ended* **31 March 2020 AED '000 Unaudited**	*31 March 2019 AED '000 Unaudited*
OPERATING ACTIVITIES			
(Loss)/profit for the period		**(59,651)**	38,139
Adjustments for:			
Depreciation of property, plant and equipment	7	**4,634**	4,283
Change in fair value of financial assets at fair value through profit or loss	8	**51,969**	(18,134)
Loss on sale of financial assets		**3,097**	-
Credit loss expenses		**-**	4,482
Write down of inventories	3	**13,730**	-
(Reversal)/provision for employees' end of services benefits, net		**(185)**	349
Dividend income		**(7,615)**	(24,903)
Finance income	6	**(8,966)**	(8,052)
Finance cost		**2,927**	5,353
		(60)	1,517
Working capital changes:			
Inventories	13	**(17,764)**	(202)
Trade and other receivables	11	**14,618**	23,980
Trade and other payables	12	**12,537**	689
Margin deposits	15	**(7,070)**	-
Cash from operating activities		**2,261**	25,984
Employees' end of service benefits paid		**-**	(197)
Net cash flows from operating activities		**2,261**	25,787
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**-**	(1,479)
Purchase of financial assets	8	**(39,324)**	(6,599)
Proceeds from maturity/disposals of financial assets	8	**49,910**	16,364
Dividend income received		**7,615**	24,903
Interest received		**1,917**	3,482
Net cash flows from investing activities		**20,118**	36,671
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**65,000**	274,720
Repayment of bank borrowings		**(62,327)**	(267,891)
Finance costs paid		**(2,927)**	(8,196)
Net cash flows used in financing activities		**(254)**	(1,367)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**22,125**	61,091
Cash and cash equivalents at the beginning of the period		**23,986**	51,213
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15	**46,111**	112,304

The attached notes 1 to 22 form part of these interim condensed financial statements.

1 BACKGROUND AND PRINCIPAL ACTIVITIES

National Cement Company (Public Shareholding Co.), Dubai ("the Company"), is registered in accordance with a decree issued by His Highness Ruler of Dubai on 10 April 1968 establishing a cement company in the Emirate of Dubai and in accordance with the provisions of the UAE Federal Law No. 2 of 2015. The Company is listed on the Dubai Financial Market ("DFM"). 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 interim condensed financial statements have been approved by the Board of Directors on 13 August 2020.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the three months ended 31 March 2020 have been prepared in accordance with IAS 34: *Interim Financial Reporting.*

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Company's annual financial statements as at 31 December 2019.

The interim condensed financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

The interim condensed financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss and through other comprehensive income that have been measured at fair value, and the investment in associate that has been measured using equity accounting.

2.2 New standards, interpretations and amendments adopted by the Company

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 statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have any material impact on the interim condensed financial statements of the Company.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed financial statements of the Company as it does not have any interest rate hedge relationships.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Company (continued)

Amendments to IAS 1 and IAS 8: Definition of Material
The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no material impact on the interim condensed financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no material impact on the interim condensed financial statements of the Company.

2.3 Fair value measurement

All financial assets and liabilities are stated at amortized cost or historical cost except for investments in financial assets that are measured at fair value. The fair values of the financial assets and liabilities are not materially different from their carrying values at the reporting date. The FVOCI and FVTPL investments are classified within Levels 1, 2 and 3 of the fair value hierarchies. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period.

3 DIRECT COSTS

	Three months ended	
	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (Unaudited)*
Write down of inventories	**13,730**	914
Utilities and other factory costs	**13,111**	13,331
Material cost	**23,356**	32,332
Staff costs	**4,510**	5,135
Depreciation of property, plant and equipment (Note 7)	**4,083**	3,808
	58,790	55,520

4 OTHER OPERATING INCOME

	Three months ended	
	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (Unaudited)*
Sale of scrap and other non-trading materials	**2,204**	1,861
Rental income from investment properties	**803**	839
Other rental income	**826**	1,372
Others	**107**	292
	3,940	4,364

5 ADMINISTRATION AND GENERAL EXPENSES

	Three months ended	
	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (Unaudited)*
Staff costs	**3,757**	3,646
Office expenses	**766**	742
Depreciation of property, plant and equipment (Note 7)	**551**	475
Utilities	**112**	46
Bank charges	**103**	69
Other	**343**	497
	5,632	5,475

6 FINANCE INCOME

	Three months ended	
	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (Unaudited)*
Interest income on loan to associate (Note 14)	**5,546**	4,570
Interest income on investments in financial assets (debt instruments)	**3,420**	3,211
Change in fair value of derivative financial instruments	**-**	271
	8,966	8,052

7 PROPERTY, PLANT AND EQUIPMENT

During the three-months period ended 31 March 2020, there was no addition to property, plant and equipment (2019: AED 1.48 million) and no assets were disposed during the period. Depreciation charge for the period amounted to AED 4.63 million (2019: AED 4.28 million).

8 INVESTMENTS IN FINANCIAL ASSETS

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Current assets		
Investments at FVOCI	**10,483**	9,238
Investments at FVTPL	**65,624**	91,651
	76,107	100,889
Non-current assets		
Investments at FVOCI	**772,755**	845,119
Investments at FVTPL	**81,103**	113,529
	853,858	958,648
	929,965	1,059,537

The categories of investments in financial assets are as follows:

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Quoted equity instruments – at fair value	**687,977**	742,074
Debt instruments – at fair value	**200,120**	275,595
Unquoted equity instruments – at fair value*	**41,868**	41,868
	929,965	1,059,537

*The Company has an investment, through an unquoted equity instrument, in a cement plant under construction outside the UAE. The investment is being carried at Fair Value through Other Comprehensive Income and is classified as Level 3 fair value hierarchy. The Company was not able to engage a third-party valuer to reliably determine the fair value of the investment due to the ongoing political and economic situation in the country of investment, which is impacting the project plan and milestones. Accordingly, based on management judgement, the fair value was determined to be AED 41,868 thousand (31 December 2019: AED 41,868 thousand), representing the carrying value.

Investments in financial assets amounting to AED 644,022 thousand (31 December 2019: AED 711,580 thousand) are pledged with banks against loans and borrowings (Note 16).

The movement in investments in financial assets during the period was as follows:

	Three-months ended 31 March 2020 (Unaudited)			
	Debt instruments at FVOCI AED'000	***Debt instruments at FVTPL AED'000***	***Equity instruments at FVOCI AED'000***	***Total AED'000***
At the beginning of the period	**70,415**	**205,180**	**783,942**	**1,059,537**
Additions during the period	**-**	**39,324**	**-**	**39,324**
Matured/redeemed	**(4,102)**	**(45,808)**	**-**	**(49,910)**
Change in fair value	**(12,919)**	**(51,969)**	**(54,098)**	**(118,986)**
At the end of the period	**53,394**	**146,727**	**729,844**	**929,965**

8 INVESTMENTS IN FINANCIAL ASSETS (continued)

The investments in financial assets by geography are as follows:

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
United Arab Emirates	**575,658**	585,084
Saudi Arabia	**112,319**	156,990
Other countries	**241,988**	317,463
	929,965	1,059,537

9 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 25.43% (2019: 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 periods, the Company has accounted for the investment after taking account of the effect of hyperinflationary economy and of using uniform accounting policies while preparing the financial statements of the associate. Furthermore, the Company has fully written off its cost of investment in the associate and it has no obligation towards the losses, exceeding the face value of equity shares held.

10 LOAN RECEIVABLE FROM ASSOCIATE

The loan of AED 316 million at 31 March 2020 represents AED denominated loan given to the associate and was recoverable by October 2019, however, the associate has defaulted on several payments. The interest rate on this loan is charged at the rate of 5.85% per annum. The loan carries pledge against the assets of the associate.

Management performed an impairment assessment on the loan and evaluated the associate's ability to repay the loan based on the specific factors that includes the payment pattern during and subsequent to the period, existence of adequate and sufficient securities against the loan and proposed amendment of loan agreement with revised repayment schedule, which is expected to be formalized during the year 2020. Based on such assessment, and the fact that the loan is secured against pledge of assets having a fair value exceeding the loan amount at 31 March 2020, management concluded that no impairment is required to the loan balance.

11 TRADE AND OTHER RECEIVABLES

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Trade receivables		
Receivables from third party customers	**87,080**	93,204
Due from related parties (Note 14)	**38,873**	47,916
Less: allowance for expected credit losses	**(43,819)**	(43,819)
	82,134	97,301
Other receivables	**3,000**	2,451
	85,134	99,752

12 TRADE AND OTHER PAYABLES

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Trade payables	**12,219**	10,969
Dividends payable	**17,080**	17,080
Accrued interest	**4,636**	5,689
Accruals for employee benefits	**4,942**	4,937
Due to related parties (Note 14)	**2,483**	2,167
Advances	**315**	1,284
Accrued expenses and other payables	**26,053**	13,065
	67,728	55,191

13 INVENTORIES

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Raw materials	**17,994**	11,472
Work in progress	**28,054**	32,792
Finished goods	**2,246**	1,837
Consumable and spare parts	**24,120**	22,279
	72,414	68,380

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a. Significant transactions with related parties:

	Three months ended	
	31 March 2020 AED'000 (Unaudited)	*31 March 2019 AED'000 (Unaudited)*
Associate		
Interest income	**5,546**	4,570
Other related parties		
Sale of cement	**3,760**	9,549
Purchase of materials and services	**(1,840)**	(2,431)

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b. Compensation of key management personnel

The remuneration of directors and other key members of management during the period was as follows:

	Three months ended	
	31 March 2020 AED'000	*31 March 2019 AED'000*
Salaries and other short-term benefits	**845**	845
End of service benefits	**43**	43
	888	888

c. Due from related parties

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Associate	**29,444**	34,398
Other related parties	**9,429**	13,518
	38,873	47,916

d. Due to related parties

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Other related parties	**2,483**	2,167

15 CASH AND CASH EQUIVALENTS

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Cash in hand	**468**	516
Cash at banks – current accounts	**45,643**	23,470
Cash at banks – margin deposits	**13,378**	6,308
Bank balances and cash	**59,489**	30,294
Less: margin deposits	**(13,378)**	(6,308)
Cash and cash equivalents	**46,111**	23,986

16 BANK BORROWINGS

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Murabaha loans (1)	**103,340**	165,667
Short-term loans (2)	**180,000**	115,000
	283,340	280,667
Less: current portion	**(199,975)**	(134,740)
Non-current portion	**83,365**	145,927

(1) The Company has entered into a Murabaha agreement with a local Islamic bank for a total amount of USD 53,500 thousand (equivalent to AED 196,600 thousand) repayable in ten semi-annual instalments over a period of five years maturing in 2023, plus profit at 3 months EIBOR + 1.95% p.a. As at the reporting date, AED 45,257 thousand 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 311,186 thousand (2019: AED 303,839) as at the reporting date.

The Company has obtained a Murahaba loan with an Islamic bank for a total amount of SAR 60 million (equivalent to AED 58.1 million) repayable in six semi-annual instalments over a period of three years maturing in 2022, plus profit at SAIBOR + 1.5% p.a. The proceeds of the loan are to affect repayment of the existing facilities. The Murahaba agreement is obtained against pledge of quoted equity shares having a fair value of AED 67,153 thousand (2019: AED 90,365 thousand) as at the reporting date.

(2) Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of AED 185 million (2019: AED 145.2 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 having a fair value of AED 265,683 thousand (2019: AED 317,377 thousand) as at the reporting date.

17 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss for the period attributable to the shareholders of the Company of AED 59,651 thousand (2019: profit of AED 38,139 thousand) by the weighted average number of shares outstanding during the period of 358,800 thousand shares (2019: 358,800 thousand shares).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

18 SEGMENT REPORTING

The Company's activities comprise two main business segments: 1) manufacturing and selling cement and related products and 2) investments in securities, properties and associate. The details of segment revenue, result, assets and liabilities have been provided below**:**

	Three months ended 31 March 2020 (Unaudited)			*Three months ended 31 March 2019 (Unaudited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Revenue	**39,578**	**-**	**39,578**	54,305	-	54,305
Direct costs	**(54,707)**	**-**	**(54,707)**	(51,712)	-	(51,712)
Depreciation	**(4,083)**	**-**	**(4,083)**	(3,808)	-	(3,808)
Administration, selling and general expenses	**(6,064)**	**-**	**(6,064)**	(6,264)	-	(6,264)
Impairment expense	**-**	**-**	**-**	88	(4,570)	(4,482)
Other operating income	**3,137**	**803**	**3,940**	3,525	839	4,364
Finance cost	**(2,927)**	**-**	**(2,927)**	(2,061)	(3,292)	(5,353)
Finance income	**-**	**8,966**	**8,966**	-	8,052	8,052
Dividend income	**-**	**7,615**	**7,615**	-	24,903	24,903
Others	**-**	**(51,969)**	**(51,969)**	-	18,134	18,134
Segment (loss)/profit	**(25,066)**	**(34,585)**	**(59,651)**	(5,927)	44,066	38,139

	31 March 2020 (Unaudited)			*31 December 2019 (Audited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Segment assets*	**364,989**	**1,248,889**	**1,613,878**	376,255	1,378,461	1,754,716
Segment liabilities	**268,316**	**103,340**	**371,656**	190,964	165,667	356,631

* Cash and bank balances are not allocated to individual segments as these are managed and utilized 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 three months period ended 31 March 2020 and three-month period ended 31 March 2019 is within UAE.

b) Major customers

During the three months period ended 31 March 2020, there were 3 customers (2019: 3 customers) with revenue greater than 10% of the total revenue of the Company.

19 CONTINGENCIES AND CAPITAL COMMITMENTS

	31 March 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*
Bank guarantees	**3,009**	3,009

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, trade receivables, loan receivables, due from related parties, financial assets at fair value. Financial liabilities consist of interest bearing loans and borrowings, trade and other payables and due to related parties.

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

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not base on observable market data.

31 March 2020 (Unaudited)	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Financial assets at FVOCI	**687,976**	**53,394**	**41,868**	**783,238**
Financial assets at fair value through profit or loss	**-**	**146,727**	**-**	**146,727**
Total	**687,976**	**200,121**	**41,868**	**929,965**

31 December 2019 (Audited)	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Financial assets at FVOCI	748,577	63,912	41,868	854,357
Financial assets at fair value through profit or loss	-	205,180	-	205,180
Total	748,577	269,092	41,868	1,059,537

21 RISK MANAGEMENT

The ongoing novel coronavirus (Covid-19) situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorisation of these interim condensed financial statements.

The Company has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic and taken in to account the economic support and relief measures of governments.

Notwithstanding, these developments could impact the future financial results, cash flows and financial position of the Company.

22 COMPARATIVE INFORMATION

Certain comparative information in the interim statement of profit or loss and other comprehensive has been reclassified to conform to the current period's presentation. Such reclassification did not have any impact on the previously reported result.