National Cement Company (Public Shareholding Co)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2021

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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 2021, which comprise the interim statement of financial position as at 31 March 2021, 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 2021, 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 as at 31 March 2021.

2. Allowance for expected credit losses of trade and other receivables of AED 43,819 thousand as at 31 March 2021 as disclosed in Note 12 to the interim condensed financial statements includes an amount of AED 32,239 thousand for which we have not received management's assessment. Accordingly, we are unable to identify whether any adjustment to the allowance for expected credit losses amount was necessary as at 31 March 2021.

Qualified Conclusion

Based on our review, with the exception of the matters described in the Basis for Qualified Conclusion section of our report, 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'.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

10 May 2021

Dubai, United Arab Emirates

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2021

	Notes	*Three-months ended* **31 March 2021 AED '000 (Unaudited)**	31 March 2020 AED '000 (Unaudited)
Revenue		**45,509**	39,578
Direct costs	3	**(53,213)**	(58,790)
GROSS LOSS		**(7,704)**	(19,212)
Other operating income	4	**2,672**	3,940
Administration and general expenses	5	**(5,672)**	(5,632)
Selling and distribution expenses		**(959)**	(432)
OPERATING LOSS		**(11,663)**	(21,336)
Finance income	6	**6,355**	8,966
Finance cost		**(1,338)**	(2,927)
Dividend income from equity investments		-	7,615
Net change in fair value of debt instruments at FVTPL	9	**5,138**	(51,969)
LOSS FOR THE PERIOD		**(1,508)**	(59,651)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Net change in fair value of equity instruments at FVOCI	9	**45,883**	(54,098)
Items that may be reclassified to profit or loss in subsequent periods:			
Net change in fair value of debt instruments at FVOCI	9	**(125)**	(12,919)
Other comprehensive income/(loss) for the period		**45,758**	(67,017)
Total comprehensive income/(loss) for the period		**44,250**	(126,668)
Earnings per share			
Basic and diluted earnings per share (AED)	18	**(0.004)**	(0.166)

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 2021

	Notes	***31 March 2021 AED '000 (Unaudited)***	*31 December 2020 AED '000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**183,317**	187,545
Intangible assets		**2,250**	2,400
Investment properties	8	**2,924**	2,924
Investments in financial assets	9	**924,893**	888,805
Loan receivable from an associate	11	**316,000**	316,000
		1,429,384	1,397,674
Current assets			
Investments in financial assets	9	**46,956**	83,367
Inventories	14	**45,302**	57,084
Trade and other receivables	12	**59,770**	58,631
Advances and other receivables		**5,020**	1,041
Bank balances and cash	16	**88,249**	43,615
		245,297	243,738
TOTAL ASSETS		**1,674,681**	1,641,412
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		**543,610**	497,852
Retained earnings		**6,324**	7,832
Total equity		**1,401,485**	1,357,235
Non-current liabilities			
Bank borrowings	17	**20,000**	39,535
Employees' end of service benefits		**20,858**	20,020
		40,858	59,555
Current liabilities			
Bank borrowings	17	**165,710**	174,535
Trade and other payables	13	**66,628**	50,087
		232,338	224,622
Total liabilities		**273,196**	284,177
TOTAL EQUITY AND LIABILITIES		**1,674,681**	1,641,412

These interim condensed financial statements were authorised for issue by the Board of Directors on 10 May 2021 and signed by:

Chairman

Vice Chairman

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

National Cement Company (Public Shareholding Co.)

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Share capital AED'000	*Share application money AED'000*	*Statutory reserve AED'000*	*General reserve AED'000*	*Fair value reserve of financial assets at FVOCI AED'000*	*Retained earnings AED'000*	*Total equity AED'000*
Balance as at 1 January 2021 (Audited)	358,800	26	179,402	313,323	497,852	7,832	1,357,235
Loss for the period	-	-	-	-	-	(1,508)	(1,508)
Other comprehensive income for the period	-	-	-	-	45,758	-	45,758
Total comprehensive income for the period	-	-	-	-	45,758	(1,508)	44,250
As at 31 March 2021 (Unaudited)	**358,800**	**26**	**179,402**	**313,323**	**543,610**	**6,324**	**1,401,485**
Balance as at 1 January 2020 (Audited)	358,800	26	179,402	313,323	503,048	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	179,402	313,323	436,031	14,129	1,301,711

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 2021

	Notes	*Three months ended* 31 March 2021 AED '000 Unaudited	31 March 2020 AED '000 Unaudited
OPERATING ACTIVITIES			
Loss for the period		**(1,508)**	(59,651)
Adjustments for:			
Depreciation and amortization		**4,545**	4,634
Change in fair value of financial assets at fair value through profit or loss		**(5,138)**	51,969
Loss on sale of financial assets		-	3,097
Write down of inventories		**1,102**	13,730
Provision/(reversal) for employees' end of services benefits, net		**1,124**	(185)
Dividend income		-	(7,615)
Finance income	6	**(6,355)**	(8,966)
Finance cost		**1,338**	2,927
		(4,892)	(60)
Working capital changes:			
Inventories		**10,680**	(17,764)
Trade and other receivables		**(1,139)**	14,618
Advances and other receivables		**(3,979)**	-
Trade and other payables		**17,153**	12,537
Margin deposits		-	(7,070)
Cash flows from operations		**17,823**	2,261
End of service benefits paid		**(286)**	-
Net cash flows from operating activities		**17,537**	2,261
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(167)**	-
Purchase of financial assets		**(4,945)**	(39,324)
Proceeds from maturity/disposals of financial assets		**56,164**	49,910
Dividend income received		-	7,615
Interest received		**6,355**	1,917
Fixed deposit placed		**(65,000)**	-
Net cash flows (used in)/from investing activities		**(7,593)**	20,118
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**165,710**	65,000
Repayment of bank borrowings		**(194,070)**	(62,327)
Finance costs paid		**(1,950)**	(2,927)
Net cash flows used in financing activities		**(30,310)**	(254)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(20,366)**	22,125
Cash and cash equivalents at the beginning of the period		**38,155**	23,986
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16	**17,789**	46,111

1 BACKGROUND AND PRINCIPAL 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 interim condensed financial statements have been approved by the Board of Directors on 10 May 2021.

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 2021 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 2020.

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.

These interim condensed 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.

Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company.

Interest Rate Benchmark Reform – Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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

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

Interest Rate Benchmark Reform – Phase 2: ***Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (continued)***

These amendments had no impact on the interim condensed financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable

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 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Material cost	**28,344**	23,356
Utilities and other factory costs	**14,306**	13,111
Staff costs	**5,382**	4,510
Depreciation of property, plant and equipment	**4,079**	4,083
Write down of inventories	**1,102**	13,730
	53,213	58,790

4 OTHER OPERATING INCOME

	Three months ended	
	31 March 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Sale of scrap and other non-trading materials	**1,103**	2,204
Rental income from investment properties	**780**	803
Other rental income	**440**	826
Others	**349**	107
	2,672	3,940

5 ADMINISTRATION AND GENERAL EXPENSES

	Three months ended	
	31 March 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Staff costs	**3,855**	3,757
Office expenses	**519**	766
Depreciation of property, plant and equipment	**313**	401
Amortization of Intangible asset	**150**	150
Bank charges	**124**	103
Utilities	**40**	112
Other	**671**	343
	5,672	5,632

6 FINANCE INCOME

	Three months ended	
	31 March 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Interest income on loan to associate	**3,185**	5,546
Interest income on investments in financial assets (debt instruments)	**3,170**	3,420
	6,355	8,966

7 PROPERTY, PLANT AND EQUIPMENT

During the three month period ended March 31, 2021 additions to property, plant and equipment amounted to 0.17 million (three month period ended March 31, 2020: no addition to property plant and equipment) and assets amounting to AED 0.42 million were disposed during the period. Depreciation charge for the period amounts to AED 4.4 million (three month period ended March 31, 2020: AED 4.5 million).

8 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 37 million (2020: AED 37 million) as per the internal valuation carried out by the management in March 2021. 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.

9 INVESTMENTS IN FINANCIAL ASSETS

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Current assets		
Investments at FVOCI	**18,072**	15,472
Investments at FVTPL	**28,884**	67,895
	46,956	83,367
Non-current assets		
Investments at FVOCI	**895,206**	853,742
Investments at FVTPL	**29,687**	35,063
	924,893	888,805
	971,849	972,172

The categories of investments in financial assets are as follows:

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Quoted equity instruments – at fair value	**787,238**	741,356
Debt instruments – at fair value	**142,743**	188,948
Unquoted equity instrument – at fair value*	**41,868**	41,868
	971,849	972,172

*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 within the 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 non-conducive situation in the country of investment. Accordingly, based on management's judgement, the fair value was determined to be AED 41,868 thousand as at the reporting date (2020: AED 41,868 thousand).

Investments in financial assets amounting to AED 692,334 thousand (2020: AED 648,471 thousand) are pledged with banks against loans and borrowings.

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

	Three-months ended 31 March 2021 (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	84,295	104,652	783,225	972,172
Additions	-	4,945	-	4,945
Matured/redeemed	-	(56,164)	-	(56,164)
Change in fair value	(123)	5,138	45,881	50,896
At the end of the period	**84,172**	**58,571**	**829,106**	**971,849**

9 INVESTMENTS IN FINANCIAL ASSETS (continued)

The investments in financial assets by geography are as follows:

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
United Arab Emirates	**698,755**	683,842
Saudi Arabia	**188,993**	165,485
Other countries	**84,101**	122,845
	971,849	972,172

10 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 25.43% (2020: 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.

11 LOAN RECEIVABLE FROM ASSOCIATE

The loan of AED 316 million at 31 March 2021 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 3-month EIBOR + 3% per annum.

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 reporting 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 current year. 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 2021, management concluded that no impairment is required on the loan balance as at the reporting date.

12 TRADE AND OTHER RECEIVABLES

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Trade receivables		
Receivables from third party customers	**89,075**	81,332
Related parties (Note 15)	**11,360**	15,251
Due from a related party (Note 15)	**-**	2,345
	100,435	98,928
Less: allowance for expected credit losses	**(43,819)**	(43,819)
	56,616	55,109
Other receivables	**3,154**	3,522
	59,770	58,631

13 TRADE AND OTHER PAYABLES

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Trade payables	**27,598**	18,248
Dividends payable	**16,780**	16,780
Accruals for employee benefits	**5,006**	5,006
Due to related parties (Note 15)	**4,877**	18
Advances	**1,178**	970
Accrued interest	**442**	1,055
Accrued expenses and other payables	**10,747**	8,010
	66,628	50,087

14 INVENTORIES

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Work in progress	**12,660**	18,903
Raw materials	**9,254**	12,709
Finished goods	**2,015**	2,918
Consumable and spare parts	**21,373**	22,554
	45,302	57,084

15 RELATED PARTY TRANSACTIONS AND BALANCES

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. 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:

a. Significant transactions with related parties:

	Three months ended	
	31 March 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Associate		
Interest income	**3,185**	5,546
Other related parties		
Sale of cement	**1,333**	3,760
Purchase of materials and services	**(74)**	(1,840)

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 2021 AED'000 (Unaudited)	*31 March 2020 AED'000 (Unaudited)*
Salaries and other short-term benefits	**830**	845
End of service benefits	**44**	43
	874	888

c. Due from related parties

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Associate	**50,267**	52,612
Less: suspended interest	**(50,267)**	(50,267)
	-	2,345
Other related parties	**11,360**	15,251
	11,360	17,596

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d. Due to related parties

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Associate	**4,821**	-
Other related parties	**56**	18
	4,877	18

16 CASH AND CASH EQUIVALENTS

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Cash in hand	**389**	369
Cash at banks – current accounts	**17,400**	37,786
Cash at banks – margin deposits	**5,460**	5,460
Cash at banks – fixed deposit	**65,000**	-
Bank balances and cash	**88,249**	43,615
Less: margin deposits	**(5,460)**	(5,460)
Less: fixed deposit with initial maturity of more than 3 months	**(65,000)**	-
Cash and cash equivalents	**17,789**	38,155

17 BANK BORROWINGS

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Murabaha loans (1)	**20,000**	59,070
Short-term loans (2)	**155,000**	155,000
Bank overdraft (3)	**10,710**	-
	185,710	214,070
Less: current portion	**(165,710)**	(174,535)
Non-current portion	**20,000**	39,535

(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, whereby the Company had made early settlements in prior years, and the remaining balance of AED 20,000 thousand (2020: AED 20,000 thousand) at the reporting date will be settled on maturity. The facility bears profit at 3 months EIBOR + 1.95%, which is payable on quarterly basis. 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 280,932 thousand as at the reporting date (2020: AED 293,467).

17 BANK BORROWINGS (continued)

The Company had obtained another Murabaha loan with an Islamic bank for a total amount of SAR 60,000 thousand (equivalent to AED 58,500 thousand) repayable in three annual instalments over a period of three years maturing in 2022 and at a profit rate of SAIBOR + 1.5% p.a, which was early settled during the three-months ended 31 March 2021 (2020: AED 39,070 thousand was outstanding against this facility). The proceeds of the said loan were to affect repayment of the existing facilities. The Murabaha agreement is secured against pledge of quoted equity shares having a fair value of AED 153,743 thousand (2020: AED 132,266 thousand).

(2) Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of 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 257,659 thousand as at the reporting date (2020: AED 222,738 thousand).

(3) Bank overdraft carries monthly variable interest at commercial rates, is secured against pledge of quoted equity shares along with the short-term loans, and is repayable on demand.

18 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 1,508 thousand (2020: loss of AED 59,651 thousand) by the weighted average number of shares outstanding during the period of 358,800 thousand shares (2020: 358,800 thousand shares).

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

19 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 2021 (Unaudited)			*Three months ended 31 March 2020 (Unaudited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Revenue	**45,509**	-	**45,509**	39,578	-	39,578
Direct costs	**(49,134)**	**-**	**(49,134)**	(54,707)	-	(54,707)
Depreciation	**(4,392)**	**-**	**(4,392)**	(4,484)	-	(4,484)
Administration, selling and general expenses	**(6,318)**	**-**	**(6,318)**	(5,663)	-	(5,663)
Other operating income	**1,892**	**780**	**2,672**	3,137	803	3,940
Finance cost	**(985)**	**(353)**	**(1,338)**	(2,274)	(653)	(2,927)
Finance income	**-**	**6,355**	**6,355**	-	8,966	8,966
Dividend income	-	-	-	-	7,615	7,615
Others	-	**5,138**	**5,138**	-	(51,969)	(51,969)
Segment (loss)/profit	**(13,428)**	**11,920**	**(1,508)**	(24,413)	(35,238)	(59,651)

	31 March 2021 (Unaudited)			*31 December 2020 (Audited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Segment assets*	**305,763**	**1,280,669**	**1,586,432**	306,701	1,291,096	1,597,797
Segment liabilities	**253,196**	**20,000**	**273,196**	225,107	59,070	284,177
Capital expenditure	**167**	**-**	**-**	1,859	-	1,859

19 SEGMENT REPORTING (continued)

* 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 2021 and three-month period ended 31 March 2020 is within UAE.

b) Major customers

During the three months period ended 31 March 2021, there were 3 customers (2020: 2 customers) with revenue greater than 10% of the total revenue of the Company.

20 CONTINGENCIES AND CAPITAL COMMITMENTS

	31 March 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*
Bank guarantees	**1,899**	1,899

21 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 2021 (Unaudited)	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Quoted equity instruments at FVOCI	**787,238**	**-**	**-**	**787,238**
Unquoted equity instruments	**-**	**-**	**41,868**	**41,868**
Quoted debt instruments at FVOCI	-	**84,172**	-	**84,172**
Quoted debt instruments at FVTPL	-	**58,571**	-	**58,571**
Total	**787,238**	**142,743**	**41,868**	**971,849**

21 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

31 December 2020 (Audited)

	Level 1 *AED'000*	*Level 2* *AED'000*	*Level 3* *AED'000*	*Total* *AED'000*
Quoted equity instruments at FVOCI	741,356	-	-	741,356
Unquoted equity instruments	-	-	41,868	41,868
Quoted debt instruments at FVOCI	-	85,990	-	85,990
Quoted debt instruments at FVTPL	-	102,958	-	102,958
Total	741,356	188,948	41,868	972,172

22 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.