National Cement Company (Public Shareholding Co)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 2022

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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 30 September 2022 comprising the interim statement of financial position as at 30 September 2022, and the related interim statements of profit or loss and other comprehensive income for three-month and nine-month periods then ended, and the related interim statements of changes in equity and cash flows for the nine-month 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

As disclosed in Note 10 to the interim condensed financial statements, as at 30 September 2022, 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 30 September 2022.

Qualified Conclusion

Based on our review, except for the matter described in the Basis of Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the accompanying interim condensed 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

11 November 2022

Dubai, United Arab Emirates

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2022

	Notes	***Nine months ended*** **30 Sep 2022 AED'000 (Unaudited)**	*Nine months ended* *30 Sep2021 AED'000 (Unaudited)*	***Three months ended*** **30 Sep 2022 AED'000 (Unaudited)**	*Three months ended* *30 Sep 2021 AED'000 (Unaudited)*
Revenue	3	**98,054**	106,627	**29,902**	33,567
Direct costs	4	**(121,226)**	(135,826)	**(41,655)**	(45,909)
GROSS LOSS		**(23,172)**	(29,199)	**(11,753)**	(12,342)
Other operating income	5	**8,477**	7,973	**2,777**	2,588
Administration and general expenses	6	**(18,767)**	(15,721)	**(4,957)**	(5,020)
Selling and distribution expenses		**(3,659)**	(2,795)	**(1,479)**	(901)
OPERATING LOSS		**(37,121)**	(39,742)	**(15,412)**	(15,675)
Finance income	7	**16,247**	38,292	**4,957**	25,547
Finance cost		**(2,319)**	(2,790)	**(990)**	(602)
Dividend income from equity investments	10	**17,105**	12,390	**3,748**	3,511
Net change in fair value of debt instruments at FVTPL	10	**(6,247)**	8,900	**(861)**	739
Fair value of debt instruments at FVOCI recycled to profit and loss on disposal		**(7,667)**	-	**(518)**	-
PROFIT/(LOSS) FOR THE PERIOD		**(20,002)**	17,050	**(9,076)**	13,520
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	10	**120,203**	149,345	**110,995**	61,820
Items that may be reclassified to profit or loss in subsequent periods:					
Net change in fair value of debt instruments at FVOCI	10	**(4,248)**	(467)	**(967)**	(1,492)
Fair value of debt instruments at FVOCI recycled to profit and loss on disposal		**7,667**	-	**518**	-
Other comprehensive income/(loss) for the period		**123,622**	148,878	**110,546**	60,328
Total comprehensive income/(loss) for the period		**103,620**	165,928	**101,470**	73,848
Earnings per share					
Basic and diluted earnings per share (AED)	19	**(0.06)**	**0.05**	**(0.03)**	**0.04**

The attached notes 1 to 25 form part of these interim condensed financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 September 2022

	Notes	**30 September 2022 AED '000 (Unaudited)**	31 December 2021 AED '000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	8	**163,152**	171,314
Intangible assets		**1,349**	1,800
Investment properties	9	**2,924**	2,924
Investments in financial assets	10	**1,261,888**	1,145,781
Loan receivable from an associate	12	**316,000**	316,000
		1,745,313	1,637,819
Current assets			
Investments in financial assets	10	**9,943**	57,768
Inventories	13	**73,369**	51,066
Trade and other receivables	14	**105,629**	82,166
Advances and other receivables		**7,132**	2,673
Bank balances and cash	16	**34,456**	84,046
		230,529	277,719
TOTAL ASSETS		**1,975,842**	1,915,538
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		**934,136**	810,514
Retained earnings		**921**	56,803
Total equity		**1,786,608**	1,718,868
Non-current liabilities			
Bank borrowings	17	**-**	10,000
Employees' end of service benefits	24	**21,374**	20,870
		21,374	30,870
Current liabilities			
Bank borrowings	17	**119,822**	115,000
Trade and other payables	18	**48,038**	50,800
		167,860	165,800
Total liabilities		**189,234**	196,670
TOTAL EQUITY AND LIABILITIES		**1,975,842**	1,915,538

Chairman

Vice Chairman

The attached notes 1 to 25 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY
For the nine months ended 30 September 2022

	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 2022 (Audited)	358,800	26	179,402	313,323	810,514	56,803	1,718,868
Profit for the period	-	-	-	-	-	(20,002)	(20,002)
Other comprehensive income for the period	-	-	-	-	123,622	-	123,622
Total comprehensive income for the period	-	-	-	-	123,622	(20,002)	103,620
Dividend paid (refer note 23)	-	-	-	-	-	(35,880)	(35,880)
As at 30 September 2022 (Unaudited)	**358,800**	**26**	**179,402**	**313,323**	**934,136**	**921**	**1,786,608**
Balance as at 1 January 2021 (Audited)	358,800	26	179,402	313,323	497,852	7,832	1,357,235
Profit for the period	-	-	-	-	-	17,050	17,050
Other comprehensive income for the period	-	-	-	-	148,878	-	148,878
Total comprehensive income for the period	-	-	-	-	148,878	17,050	165,928
As at 30 September 2021 (Unaudited)	358,800	26	179,402	313,323	646,730	24,882	1,523,163

The attached notes 1 to 25 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CASH FLOWS
For the nine months ended 30 September 2022

	Notes	*Nine months ended 30 September* **2022** **AED '000** **Unaudited**	2021 AED '000 Unaudited
OPERATING ACTIVITIES			
Profit/(loss) for the period		**(20,002)**	17,050
Adjustments for:			
Depreciation and amortization		**13,284**	13,555
Change in fair value of financial assets at fair value through profit and loss		**6,247**	(8,900)
Fair value debt instruments at FVOCI recycled to profit and loss		**7,667**	-
Gain on sale of property, plant and equipment		**-**	(16)
Write down of inventories		**5,623**	6,413
Provision for employees' end of services benefits	24	**974**	1,889
Dividend income		**(17,105)**	(12,390)
Finance income	7	**(16,247)**	(38,292)
Finance cost		**2,319**	2,790
		(17,240)	(17,901)
Working capital changes:			
Inventories		**(27,926)**	(8,014)
Trade and other receivables		**(23,463)**	11,476
Advances and other receivables		**(4,459)**	-
Trade and other payables		**(2,764)**	4,892
Cash used in operating activities		**(75,852)**	(9,547)
Employees' end of service benefits paid	24	**(469)**	(829)
Net cash flows used in operating activities		**(76,321)**	(10,376)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(4,671)**	(1,176)
Proceeds from sale of property, plant and equipment		**-**	16
Investments in financial assets		**(4,851)**	(13,606)
Proceeds from maturity/disposals of financial assets		**46,278**	106,073
Fixed deposit		**45,000**	(45,000)
Dividend received		**17,105**	12,390
Finance income received		**16,247**	8,439
Net cash flows from investing activities		**115,108**	67,136
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**65,000**	245,000
Repayment of bank borrowings		**(90,000)**	(334,070)
Finance cost paid		**(2,319)**	(3,637)
Dividend paid		**(35,880)**	-
Interest received		**-**	29,853
Net cash flows used in financing activities		**(63,199)**	(62,854)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(24,412)**	(6,094)
Cash and cash equivalents at the beginning of the period		**14,046**	38,155
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16	**(10,366)**	32,061

The attached notes 1 to 25 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 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 November 2022.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the nine months ended 30 September 2022 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 2021.

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") and investments carried at fair value through profit or loss ("FVTPL"), which are measured at fair value.

Federal Decree-Law No. 26 of 2021 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2021 and the amendments came into effect on 2 January 2022. 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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have any material impact on the interim condensed financial statements of the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company does not have contracts on which the amendments are applicable.

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

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

Reference to the Conceptual Framework – Amendments to IFRS 3
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed financial statements of the Company as it does not have any subsidiary.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements
The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

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 (see Note 22).

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period.

3 REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Nine months ended 30 September	
	2022 AED '000 Unaudited	*2021 AED '000 Unaudited*
Type of goods/service		
Finished goods (including delivery)	**89,082**	78,488
Semi-finished goods and raw materials (including delivery)	**8,972**	28,139
	98,054	106,627

3.2 Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of goods
The performance obligation is satisfied upon collection of the goods. Payment is generally in cash or due within 30 to 120 days from sale.

Bundled sale of goods and delivery services
The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 120 days from delivery

4 DIRECT COSTS

	Nine months ended 30 September	
	2022 AED '000 Unaudited	*2021 AED '000 Unaudited*
Material cost	**63,368**	62,282
Utilities and other factory costs	**26,638**	40,728
Staff costs	**13,462**	14,245
Depreciation of property, plant and equipment (Note 8)	**12,135**	12,158
Write down of inventories	**5,623**	6,413
	121,226	135,826

The decrease in cost during the period ended 30 September 2022 is derived by clinker operation stoppage for a period of two months.

5 OTHER OPERATING INCOME

	Nine months ended 30 September	
	2022 AED '000 Unaudited	*2021 AED '000 Unaudited*
Sale of scrap and other non-trading materials	**4,398**	3,562
Rental income from investment properties	**2,287**	2,417
Other rental income	**1,460**	1,402
Others	**332**	592
	8,477	7,973

6 ADMINISTRATION AND GENERAL EXPENSES

	Nine months ended 30 September	
	2022 AED '000 Unaudited	*2021 AED '000 Unaudited*
Staff costs	**11,812**	10,513
Office expenses	**2,201**	2,022
Directors' fees	**1,750**	-
Depreciation of property, plant and equipment (Note 8)	**699**	947
Amortization of intangible asset	**450**	450
Bank charges	**220**	326
Exchange rate difference	**29**	81
Other	**1,606**	1,382
	18,767	15,721

7 FINANCE INCOME

	Nine months ended 30 September	
	2022 AED '000 Unaudited	*2021 AED '000 Unaudited*
Interest income on loan to associate	**10,892**	9,146
Suspended interest released (Note 15)	**-**	20,707
Interest income on investments in financial assets (debt instruments)	**5,355**	8,439
	16,247	38,292

8 PROPERTY, PLANT AND EQUIPMENT

During the nine-month period ended 30 September 2022, additions to property, plant and equipment amounted to AED 4.67million (2021: AED 1.18 million) and assets amounting to Nil were disposed during the period (2021: AED 0.05 million). Depreciation charge for the period amounted to AED 12.83 million (2021: AED 13.11 million).

9 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 approximately AED 37 million as per the internal valuation carried out by the management in the last annual reporting period ended 31 December 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.

10 INVESTMENTS IN FINANCIAL ASSETS

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Current assets		
Investments at FVOCI	**7,587**	49,269
Investments at FVTPL	**2,356**	8,499
	9,943	57,768
Non-current assets		
Investments at FVOCI	**1,234,883**	1,115,869
Investments at FVTPL	**27,005**	29,912
	1,261,888	1,145,781
	1,271,831	1,203,549

The categories of investments in financial assets are as follows:

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Quoted equity instruments – at fair value	**1,181,797**	1,061,593
Debt instruments – at fair value	**48,166**	100,088
Unquoted equity instruments – at fair value*	**41,868**	41,868
	1,271,831	1,203,549

*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 (2021: AED 41,868 thousand).

10 INVESTMENTS IN FINANCIAL ASSETS (continued)

Investments in financial assets amounting to AED 771,416 thousand (31 December 2021: AED 935,273 thousand) are pledged with banks against loans and borrowings (Note 17).

The Company recognised dividend income received from quoted equity securities amounting to AED 17,105 thousand (2021: 12,390 thousand).

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

	Nine-month period ended 30 September 2022 (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	**61,677**	**38,411**	**1,103,462**	**1,203,550**
Additions during the period	**-**	**4,851**	**-**	**4,851**
Matured/redeemed	**(38,625)**	**(7,653)**	**-**	**(46,278)**
Change in fair value	**(4,248)**	**(6,247)**	**120,203**	**109,708**
At the end of the period	**18,804**	**29,362**	**1,223,665**	**1,271,831**

	Nine-month period ended 30 September 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 during the period	-	9,939	3,667	13,606
Matured/redeemed	(21,541)	(84,532)	-	(106,073)
Change in fair value	(467)	8,900	149,345	157,778
At the end of the period	62,287	38,959	936,237	1,037,483

The investments in financial assets by geography are as follows:

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
United Arab Emirates	**1,052,275**	920,755
Saudi Arabia	**157,976**	214,974
Other countries	**61,580**	67,820
	1,271,831	1,203,549

11 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 25.43% (2021: 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.

12 LOAN RECEIVABLE FROM ASSOCIATE

The loan of AED 316 million at 30 September 2022 represents AED denominated loan given to the associate and was recoverable by October 2019, however, the associate has not yet settled this loan. 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 30 September 2022, management concluded that no impairment is required on the loan balance as at the reporting date.

13 INVENTORIES

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Work in progress	**29,487**	12,484
Raw materials	**20,316**	13,485
Finished goods	**1,997**	3,016
Consumable and spare parts	**21,569**	22,081
	73,369	51,066

14 TRADE AND OTHER RECEIVABLES

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Trade receivables		
Receivables from third party customers	**98,974**	85,340
Related parties (Note 15)	**2,508**	1,788
Due from a related party (Note 15)	**9,825**	934
	111,307	88,062
Less: allowance for expected credit losses	**(9,244)**	(9,244)
	102,063	78,818
Other receivables	**3,566**	3,348
	105,629	82,166

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 IAS 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:

	Nine months ended 30 September	
	2022 AED '000 Unaudited	*2021 AED '000 Unaudited*
Associate		
Interest income	**10,892**	9,146
Suspended interest released	**-**	20,707
	10,892	29,853
Other related parties		
Sale of cement	**3,628**	2,380
Purchase of materials and services	**(38)**	(205)

b. Compensation of key management personnel

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

	Nine months ended 30 September	
	2022 AED '000 Unaudited	*2021 AED '000 Unaudited*
Salaries and other short-term benefits	**2,374**	2,359
Directors' fees	**1,750**	-
End of service benefits	**131**	131
	4,255	2,490

c. Due from related parties

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Associate		
Interest receivable	**39,385**	30,494
Less: suspended interest*	**(29,560)**	(29,560)
	9,825	934
Other related parties	**2,508**	1,788
	12,333	2,722

*In the prior period ended 30 September 2021, an amount of AED 20,707 thousand was released from suspended interest and recorded under finance income in the interim statement of comprehensive income, representing funds received from the Company's associate related to previously suspended interest.

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d. Due to related parties

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Other related parties	**-**	18

16 CASH AND CASH EQUIVALENTS

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Cash in hand	**257**	277
Cash at banks – current accounts	**9,199**	13,769
Cash at banks – fixed deposits	**25,000**	70,000
Bank balances and cash	**34,456**	84,046
Less: bank overdraft	**(19,822)**	-
Less: fixed deposits with initial maturity of more than 3 months	**(25,000)**	(70,000)
Cash and cash equivalents	**(10,366)**	14,046

17 BANK BORROWINGS

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Murabaha loans (1)	**10,000**	115,000
Short-term loans (2)	**90,000**	10,000
Bank overdrafts	**19,822**	-
	119,822	125,000
Less: current portion	**(119,822)**	(115,000)
Non-current portion	**-**	10,000

(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 10,000 thousand (2021: AED 10,000 thousand) at the reporting date will be settled on maturity. The facility bears profit at 3 months EIBOR + 1.95%, which is payable in 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 561,648 thousand as at the reporting date (2021: AED 388,270 thousand).

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 nine-months ended 30 September 2022 (2021: 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 125,687 thousand (2021: AED 214,974 thousand).

(2) Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of AED 185 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 209,768 thousand as at the reporting date (2021: AED 332,029 thousand).

18 TRADE AND OTHER PAYABLES

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Trade payables	**17,836**	19,520
Dividends payable	**16,780**	16,780
Due to related parties (Note 15)	**-**	18
Accrued expenses	**348**	207
Accruals for employee benefits	**5,069**	5,069
Advances	**1,581**	1,053
Other accruals and payables	**6,424**	8,153
	48,038	50,800

19 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 20,002 thousand (2021: profit of AED 17,050 thousand) by the weighted average number of shares outstanding during the period of 358,800 thousand shares (2021: 358,800 thousand shares).

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

20 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**:**

	Nine months period ended 30 September 2022 (Unaudited)			*Nine months period ended 30 September 2021 (Unaudited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Revenue	**98,054**	**-**	**98,054**	106,627	-	106,627
Direct costs	**(109,091)**	**-**	**(109,091)**	(123,668)	-	(123,668)
Depreciation and amortisation	**(13,284)**	**-**	**(13,284)**	(13,555)	-	(13,555)
Administration, selling and general expenses	**(21,277)**	**-**	**(21,277)**	(17,119)	-	(17,119)
Other operating income	**6,190**	**2,287**	**8,477**	5,556	2,417	7,973
Finance cost	**(2,082)**	**(237)**	**(2,319)**	(2,507)	(283)	(2,790)
Finance income	**-**	**16,247**	**16,247**	-	38,292	38,292
Dividend income	**-**	**17,105**	**17,105**	-	12,390	12,390
Change in fair value of debt instruments at FVTPL	**-**	**(13,914)**	**(13,914)**	-	8,900	8,900
Segment (loss)/profit	**(41,490)**	**21,488**	**(20,002)**	(44,666)	61,716	17,050

	30 September 2022 (Unaudited)			*31 December 2021 (Unaudited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Segment assets*	**350,631**	**1,590,755**	**1,941,386**	284,447	1,356,407	1,640,854
Segment liabilities	**189,234**	**-**	**189,234**	190,212	10,000	200,212
Capital expenditure	**4,671**	**-**	**4,671**	1176	-	1176

* 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 nine months period ended 30 September 2022 and nine-month period ended 30 September 2021 are within the UAE.

b) Major customers

During the nine months period ended 30 September 2022, there were 3 customers (2021: 3 customers) with revenues greater than 10% of the total revenue of the Company.

21 CONTINGENCIES AND CAPITAL COMMITMENTS

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Bank guarantees	**1,587**	1,899

22 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.

30 September 2022 (Unaudited)

	Level 1 AED'000	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Quoted equity instruments at FVOCI	**1,181,797**	**-**	**-**	**1,181,797**
Unquoted equity instruments	**-**	**-**	**41,868**	**41,868**
Quoted debt instruments at FVOCI	**18,805**	**-**	**-**	**18,805**
Quoted debt instruments at FVTPL	**29,361**	**-**	**-**	**29,361**
Total	**1,229,963**	**-**	**41,868**	**1,271,831**

31 December 2021 (Audited)

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Quoted equity instruments at FVOCI	1,061,593	-	-	1,061,593
Unquoted equity instruments	-	-	41,868	41,868
Quoted debt instruments at FVOCI	-	61,677	-	61,677
Quoted debt instruments at FVTPL	-	38,411	-	38,411
Total	1,061,593	100,088	41,868	1,203,549

23 DIVIDEND

In the Company's General Assembly meeting held on 21 April 2022, the shareholders approved the Board of Directors' recommendation to distribute cash dividends of 10 fils per share equivalent to AED 35,880 thousand.

24 EMPLOYEE'S END OF SERVICE BENEFITS

	30 September 2022 AED '000 (Unaudited)	*31 December 2021 AED '000 (Audited)*
Opening provision for employees' end of services benefits	**20,870**	20,020
Provision for employees' end of services benefits	**973**	2,207
Employees' end of services benefits paid	**(469)**	(1,357)
Ending balance for provision for employees' end of services benefits	**21,374**	20,870

25 RISK MANAGEMENT

The ongoing novel coronavirus (Covid-19) situation, including the government and public response to the challenges, continue to progress and evolve. Therefore, the extent and duration of the impact of these conditions remainuncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimateof 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.