National Cement Company
(Public Shareholding Co.)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 JUNE 2023

Building a better working world

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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 June 2023, which comprise the interim condensed statement of financial position as at 30 June 2023, and the related interim condensed statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the related interim condensed statements of changes in equity and cash flows for the six-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.

Conclusion

Based on our review, 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'.

Emphasis of Matter

We draw attention to Note 11 to the interim condensed financial statements, which describes the situation that has ensued in Sudan and the management's assessment thereon. Our conclusion is not modified in respect of this matter.

For Ernst & Young

Signed by:
Wardah Ebrahim
Partner
Registration No. 1258

11 August 2023

Dubai, United Arab Emirates

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended		Three months ended	
	Notes	**30 June 2023 AED'000 (Unaudited)**	30 June 2022 AED'000 (Unaudited)	**30 June 2023 AED'000 (Unaudited)**	30 June 2022 AED'000 (Unaudited)
Revenue		**85,998**	68,149	**43,600**	29,157
Direct costs	3	**(91,213)**	(79,571)	**(42,231)**	(31,154)
GROSS LOSS		**(5,215)**	(11,422)	**1,369**	(1,997)
Other operating income	4	**4,201**	5,700	**2,364**	2,449
Administration and general expenses	5	**(23,136)**	(13,810)	**(17,846)**	(8,210)
Selling and distribution expenses		**(2,251)**	(2,179)	**(1,135)**	(1,083)
OPERATING LOSS		**(26,401)**	(21,711)	**(15,248)**	(8,841)
Finance income	6	**1,731**	11,290	**868**	6,815
Finance cost		**(3,547)**	(1,329)	**(1,892)**	(694)
Dividend income from equity investments	9	**70,427**	13,357	**6,504**	13,357
Net change in fair value of debt instruments at FVTPL	9	**1,963**	(5,386)	**(585)**	(3,607)
Fair value of debt instruments at FVOCI recycled to profit and loss on derecognition		**(3,749)**	(7,149)	**-**	(547)
PROFIT/(LOSS) FOR THE PERIOD		**40,424**	(10,928)	**(10,353)**	6,483
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	**303,131**	(78,313)	**154,410**	(150,358)
Items that may be reclassified to profit or loss in subsequent periods:					
Net change in fair value of debt instruments at FVOCI	9	**(6,147)**	(3,281)	**289**	(1,030)
Fair value of debt instruments at FVOCI recycled to profit and loss on derecognition		**3,749**	7,149	**-**	547
Other comprehensive Income/ (loss) for the period		**300,733**	(74,445)	**154,699**	(150,841)
Total comprehensive Income/ (loss) for the period		**341,157**	(85,373)	**144,346**	(144,358)
Earnings per share					
Basic and diluted earnings per share (AED)	18	**0.11**	(0.03)	**(0.03)**	0.02

The attached notes 1 to 24 form part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	*30 June 2023 AED '000 (Unaudited)*	*31 December 2022 AED '000 (Audited) (Restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**150,132**	157,959
Intangible assets		**1,359**	1,713
Investment properties	8	**2,924**	2,924
Investments in financial assets	9	**1,411,189**	1,113,535
Loan receivable from an associate	11	**183,754**	227,836
		1,749,358	1,503,967
Current assets			
Investments in financial assets	9	**12,432**	11,954
Inventories	14	**79,145**	77,481
Trade and other receivables	12	**243,365**	191,648
Advances and other receivables		**4,256**	6,837
Bank balances and cash	16	**59,226**	41,976
		398,424	329,896
TOTAL ASSETS		**2,147,782**	1,833,863
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		**1,104,459**	803,726
Retained earnings		**32,627**	(7,797)
Total equity		**1,988,637**	1,647,480
Non-current liabilities			
Employees' end of service benefits		**19,856**	20,540
		19,856	20,540
Current liabilities			
Bank borrowings	17	**110,454**	120,000
Trade and other payables	13	**28,835**	45,843
		139,289	165,843
Total liabilities		**159,145**	186,383
TOTAL EQUITY AND LIABILITIES		**2,147,782**	1,833,863

These interim condensed financial statements were authorised for issue by the Board of Directors on 11 August 2023 and signed by:

Chairman

Vice Chairman

The attached notes 1 to 24 form part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2023

	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 2023 (Audited)	358,800	26	179,402	313,323	803,726	(7,797)	1,647,480
Profit for the period	-	-	-	-	-	40,424	40,424
Other comprehensive income for the period	-	-	-	-	300,733	-	300,733
Total comprehensive income for the period	-	-	-	-	300,733	40,424	341,157
As at 30 June 2023 (Unaudited)	**358,800**	**26**	**179,402**	**313,323**	**1,104,459**	**32,627**	**1,988,637**
Balance as at 1 January 2022 (Audited)	358,800	26	179,402	313,323	810,514	56,803	1,718,868
Loss for the period	-	-	-	-	-	(10,928)	(10,928)
Other comprehensive loss for the period	-	-	-	-	(74,445)	-	(74,445)
Total comprehensive loss for the period	-	-	-	-	(74,445)	(10,928)	(85,373)
Dividend paid (Note 22)	-	-	-	-	-	(35,880)	(35,880)
As at 30 June 2022 (Unaudited)	358,800	26	179,402	313,323	736,069	9,995	1,597,615

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2023

	Notes	***Six months ended 30 June*** ***2023*** ***AED '000*** ***Unaudited***	*2022* *AED '000* *Unaudited*
OPERATING ACTIVITIES			
Profit/ (loss) for the period		**40,424**	(10,928)
Adjustments for:			
Depreciation and amortization		**9,142**	8,880
Reduction in value on financial assets at amortised cost	11	**11,873**	-
Change in fair value of financial assets at fair value through profit and loss		**(1,963)**	5,386
Gain on sale of property, plant and equipment		**(5)**	-
Fair value of debt instruments at FVOCI recycled to profit and loss		**3,749**	7,149
Write down of inventories		-	35
Provision for employees' end of services benefits		**1,497**	636
Dividend income	9	**(70,427)**	(13,357)
Finance income	6	**(1,731)**	(11,290)
Finance cost		**3,547**	1,329
		(3,894)	(12,160)
Working capital changes:			
Inventories		**(1,664)**	(7,094)
Trade and other receivables		**(19,508)**	(15,898)
Advance and other receivables		**2,581**	(16,912)
Trade and other payables		**(17,008)**	2,951
Cash (used in) operating activities		**(39,493)**	(49,113)
Employees' end of service benefits paid		**(2,181)**	(201)
Net cash flows (used in) operating activities		**(41,674)**	(49,314)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	**(961)**	(4,357)
Proceeds from sale of property, plant and equipment		**5**	-
Investments in financial assets	9	**(3,671)**	(3,405)
Proceeds from maturity/disposals of financial assets	9	**4,486**	39,618
Fixed deposit		**(25,000)**	20,000
Dividend received	9	**70,427**	13,357
Interest received		**1,731**	11,290
Net cash flows from investing activities		**47,017**	76,503
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**173,605**	90,000
Repayment of bank borrowings		**(183,151)**	(90,000)
Finance cost paid		**(3,547)**	(1,329)
Dividend paid		-	(35,880)
Net cash flows used in financing activities		**(13,093)**	(37,209)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		**(7,750)**	(10,020)
Cash and cash equivalents at the beginning of the period		**16,976**	14,046
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16	**9,226**	4,026

The attached notes 1 to 24 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 registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

Federal Law by Decree No 32 of 2021, which repeals and replaces Federal Law No. 2 of 2015 (as amended) on Commercial Companies, was issued on 20 September 2022, and is effective from 2 January 2023. The Company is in compliance with the Federal law.

The principal activity of the Company is to manufacture and sell cement and cement related products.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the six months ended 30 June 2023 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 2022.

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.

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 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the interim condensed financial statements of the Company.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach)
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no impact on the Company's interim condensed financial statements.

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

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

Definition of Accounting Estimates - Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company's interim condensed financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Company's interim condensed financial statements, but are expected to affect the accounting policy disclosures in the Company's annual financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 *Income Tax,* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's interim condensed financial statements.

Standards issued but not yet effective
There are several standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's interim condensed financial statements and are not expected to have any significant impact on the Company's interim condensed financial statements when they become effective, and accordingly, have not been listed in these interim condensed financial statements.

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

	Six months ended 30 June	
	2023	*2022*
	AED '000	*AED '000*
	Unaudited	*Unaudited*
Material cost	**54,388**	46,938
Utilities and other factory costs	**18,129**	15,312
Staff costs	**10,275**	9,181
Depreciation of property, plant and equipment	**8,421**	8,105
Write down of inventories	-	35
	91,213	79,571

4 OTHER OPERATING INCOME

	Six months ended 30 June	
	2023	*2022*
	AED '000	*AED '000*
	Unaudited	*Unaudited*
Sale of scrap and other non-trading materials	**1,367**	3,228
Rental income from investment properties	**1,677**	1,536
Other rental income	**988**	801
Others	**169**	135
	4,201	5,700

5 ADMINISTRATION AND GENERAL EXPENSES

	Six months ended 30 June	
	2023	*2022*
	AED '000	*AED '000*
	Unaudited	*Unaudited*
Staff costs	**6,462**	8,459
Directors' fees (Note 15)	-	1,750
Reduction in value on financial assets at amortised cost (Note 11)	**11,873**	-
Office expenses	**2,269**	1,379
Depreciation of property, plant and equipment	**367**	475
Amortization of intangible asset	**354**	300
Bank charges	**78**	209
Other	**1,733**	1,238
	23,136	13,810

6 FINANCE INCOME

	Six months ended 30 June	
	2023	*2022*
	AED '000	*AED '000*
	Unaudited	*Unaudited*
Interest income on loan from associate (Note 11)	**-**	6,490
Interest income on investments in financial assets (debt instruments) and deposits	**1,731**	4,800
	1,731	11,290

7 PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2023, additions to property, plant and equipment amounted to AED 961 thousand (six-month period ended 30 June 2022: AED 4.357 million) and AED 39 thousand were disposed of during the period (six-month period ended 30 June 2022: AED nil). Depreciation charge for the period amounted to AED 8.79 million (six-month period ended 30 June 2022: AED 8.58 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 as per the internal valuation carried out by the management in the last annual reporting period ended 31 December 2022. 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

	30 June 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Current assets		
Investments at FVOCI	**5,918**	9,245
Investments at FVTPL	**6,514**	2,709
	12,432	11,954
Non-current assets		
Investments at FVOCI	**1,406,309**	1,102,327
Investments at FVTPL	**4,880**	11,208
	1,411,189	1,113,535
	1,423,621	1,125,489

The categories of investments in financial assets are as follows:

	30 June 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Quoted equity instruments – at fair value	**1,357,412**	1,050,609
Debt instruments – at fair value	**24,341**	33,012
Unquoted equity instrument – at fair value*	**41,868**	41,868
	1,423,621	1,125,489

*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. Based on management's assessment as at 31 December 2022, the fair value was determined to be AED 41,868 thousand. Management believe that the fair value of the investment remains the same for the current period ended 30 June 2023.

9 INVESTMENTS IN FINANCIAL ASSETS (continued)

Investments in financial assets amounting to AED 848,871 thousand (31 December 2022: AED 672,889 thousand) are pledged with banks against loans and borrowings (Note 17).

The Company has received dividends income amounting to AED 70,427 thousand from equity investment as at 30 June 2023 (six-month period ended 30 June 2022: AED 13,357).

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

	Six months ended 30 June 2023 (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	**19,095**	**13,917**	**1,092,477**	**1,125,489**
Additions during the period	-	-	**3,671**	**3,671**
Matured/redeemed	-	**(4,486)**	-	**(4,486)**
Change in fair value	**(6,147)**	**1,963**	**303,131**	**298,947**
At the end of the period	**12,948**	**11,394**	**1,399,279**	**1,423,621**

	Six months ended 30 June 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	1,103,461	1,203,549
Additions during the period	-	3,405	-	3,405
Matured/redeemed	(33,440)	(6,178)	-	(39,618)
Change in fair value	(3,281)	(5,386)	(78,313)	(86,980)
At the end of the period	24,956	30,252	1,025,148	1,080,356

The investments in financial assets by geography are as follows:

	30 June 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
United Arab Emirates	**1,212,592**	919,201
Saudi Arabia	**162,045**	151,880
Other countries	**48,984**	54,408
	1,423,621	1,125,489

10 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 25.43 % (2022: 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 interim condensed before 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 30 June 2023 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.

On 15 April 2023, an armed conflict between rival factions of the military government of Sudan began, from which the associate company is located, the impact of the economic environment remains unstable and may pose serious consequences, as well as the possibility of a prolonged economic downturn.

At 30 June 2023, management performed a remeasurement 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. As per the Company's accounting policies, the management has considered the possible impact of the current conflict on delaying the future payments and has corrected the amortised cost.

Management is taking into account all indicators, future events and developments and assessing their impact on its operations, cash flows, and financial condition. Management believes that these events has not changed the existence and valuation of the securities covering the loan amount as the factory is still operating and located far away from the armed conflict area.

12 TRADE AND OTHER RECEIVABLES

	30 June 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Restated)*
Trade receivables		
Receivables from third party customers	**125,867**	104,766
Less: allowance for expected credit losses	**(9,244)**	(9,244)
Gross receivables	**116,623**	95,522
Related parties (Note 15)	**3,409**	4,406
	120,032	99,928
Due from a related party (Note 15)	**121,306**	89,098
Other receivables	**2,027**	2,622
	243,365	191,648

13 TRADE AND OTHER PAYABLES

	30 June 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Trade payables	**14,928**	16,767
Dividends payable	-	16,780
Accruals for employee benefits	**5,131**	5,069
Advances	**1,685**	900
Accrued interest	**653**	583
Due to related parties (Note 15)	-	4
Accrued expenses and other payables	**6,438**	5,740
	28,835	45,843

14 INVENTORIES

	30 June 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Work in progress	**37,763**	35,173
Raw materials	**13,608**	13,290
Finished goods	**2,259**	3,634
Consumable and spare parts	**25,515**	25,384
	79,145	77,481

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:

	Six months ended 30 June	
	2023 AED '000 Unaudited	*2022 AED '000 Unaudited*
Associate		
Interest income	-	6,490
Suspended Interest	**14,074**	-
Reduction in value of loan at amortised cost	**11,873**	**-**
Other related parties		
Sale of cement	**4,044**	2,108
Purchase of materials and services	**(23)**	(23)

15 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:

	Six months ended 30 June	
	2023	*2022*
	AED '000	*AED '000*
	Unaudited	*Unaudited*
Salaries and other short-term benefits	**1,592**	1,583
Directors' fees (Note 5)	**-**	1,750
End of service benefits	**87**	87
	1,679	3,420

c. Due from related parties

	30 June	*31 December*
	2023	*2022*
	AED '000	*AED '000*
	(Unaudited)	*(Restated)*
Associate	**59,310**	45,236
Current and overdue portion of loan due from associate	**132,246**	88,164
Less: suspended interest and reduction in value on financial assets at amortised cost	**(70,250)**	(44,302)
	121,306	89,098
Other related parties	**3,409**	4,406
	124,715	93,504

The company has a non-current portion loan due from associate amounting to AED 183,754 thousand (*31 December 2022 restated: 227,836 Thousand*) (Note 11).

d. Due to related parties

	30 June	*31 December*
	2023	*2022*
	AED '000	*AED '000*
	(Unaudited)	*(Audited)*
Other related parties	-	4

16 CASH AND CASH EQUIVALENTS

	30 June 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Cash in hand	**328**	232
Cash at banks – current accounts	**8,898**	16,744
Cash at banks – fixed deposits	**50,000**	25,000
Bank balances and cash	**59,226**	41,976
Less: fixed deposits with initial maturity of more than 3 months	**(50,000)**	(25,000)
Less: bank overdraft		
Cash and cash equivalents	**9,226**	16,976

17 BANK BORROWINGS

	30 June 2023 AED '000 (Unaudited)	31 December 2022 AED '000 (Audited)
Murabaha loans (1)	-	10,000
Short-term loans (2)	**110,000**	110,000
Bank overdrafts	**454**	-
	110,454	120,000
Less: current portion	**(110,454)**	(120,000)
Non-current portion	-	-

(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 Company had made early settlements in prior years, and the remaining balance of AED 10,000 thousand (2022: AED 10,000 thousand) has been settled at the reporting date. 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 683,745 thousand as at the reporting date (2022: AED 467,180 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 201,125 thousand as at the reporting date. (2022: AED 205,709 thousand).

18 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company of AED 40,424 thousand (2022: loss of AED 10,928 thousand) by the weighted average number of shares outstanding during the period of 358,800 thousand shares (2022: 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:

30 June 2023 (Unaudited)

	Six months ended 30 June 2023 (Unaudited)			*Six months ended 30 June 2022 (Unaudited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Revenue	**85,998**	-	**85,998**	68,149	-	68,149
Direct costs	**(82,070)**	-	**(82,070)**	(71,466)	-	(71,466)
Depreciation & amortisation	**(9,142)**	-	**(9,142)**	(8,880)	-	(8,880)
Administration, selling and general expenses	**(13,515)**	**(11,873)**	**(25,388)**	(15,215)	-	(15,215)
Other operating income	**2,524**	**1,677**	**4,201**	4,165	1,535	5,700
Finance cost	**(3,547)**	-	**(3,547)**	(1,200)	(129)	(1,329)
Finance income	-	**1,731**	**1,731**	-	11,290	11,290
Dividend income	-	**70,427**	**70,427**	-	13,357	13,357
Others	-	**(1,786)**	**(1,786)**	-	(12,534)	(12,534)
Segment (loss)/profit	**(19,752)**	**60,176**	**40,424**	(24,447)	13,519	(10,928)

	30 June 2023 (Unaudited)			*31 December 2022 (Audited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Segment assets*	**357,882**	**1,742,545**	**2,100,427**	347,473	1,444,413	1,791,886
Segment liabilities	**159,145**	-	**159,145**	176,383	10,000	186,383
Capital expenditure	**961**	-	**961**	4,824	-	4,824

* 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 six months period ended 30 June 2023 and six-month period ended 30 June 2022 is within UAE.

b) Major customers

During the six months period ended 30 June 2023, there was one customer (2022: 2 customers) with revenues greater than 10% of the total revenue of the Company.

20 CONTINGENCIES AND CAPITAL COMMITMENTS

	30 June 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Bank guarantees	**1,587**	1,587

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.

30 June 2023 (Unaudited)

	Level 1 AED'000	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Quoted equity instruments at FVOCI	**1,357,412**	-	-	**1,357,412**
Unquoted equity instruments	-	-	**41,868**	**41,868**
Quoted debt instruments at FVOCI	**12,946**	-	-	**12,946**
Quoted debt instruments at FVTPL	**11,395**	-	-	**11,395**
Total	**1,381,753**	-	**41,868**	**1,423,621**

31 December 2022 (Audited)

	Level 1 AED'000	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Quoted equity instruments at FVOCI	1,050,609	-	-	1,050,609
Unquoted equity instruments	-	-	41,868	41,868
Quoted debt instruments at FVOCI	-	19,095	-	19,095
Quoted debt instruments at FVTPL	-	13,917	-	13,917
Total	1,050,609	33,012	41,868	1,125,489

22 DIVIDENDS

The shareholders approved the Board of Directors' recommendation to distribute cash dividends of Nil as at 30 June 2023 (21 April 2022: AED 35,880 thousand).

23 CORPORATE INCOME TAX

On 9 December 2022, UAE Ministry of Finance (“MoF”) released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law (“CT Law”) to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. The Company’s accounting year ends on 31 December, accordingly the effective implementation period for the Company will correspond to the year ending on 31 December 2024 and the first return will be filed on or before 30 September 2025.

The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted from the perspective of IAS 12 – Income Taxes. A rate of 9% will apply to taxable income exceeding AED 375,000 and a rate of 0% will apply to taxable income not exceeding AED 375,000 and a rate of 0% on qualifying income of free zone entities. The Company will be subject to taxation commencing 1 January 2024.

The Company has performed a preliminary assessment over the deferred tax implication and concluded it is not expected to be significant as of and for the six months period ended 30 June 2023. As certain other cabinet decisions are pending as on the date of these interim condensed financial statements, the Company will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

24 PRIOR PERIOD RESTATEMENT AND RECLASSIFICATION

During the quarter ended 30 June 2023, the management has restated the classification of its loan to an associate after considering that the current and overdue portion of the loan had to be included in its current assets. As previously reported, the full loan amount was considered as non-current and not overdue.
The change in the classification has engendered only a reclassification on the statement of financial position as of 31 December 2022, with no impact on the statements of profit or loss and other comprehensive, statements of changes in equity and cash flows for the year ended 31 December 2022. The reclassification had also no impact on the financial statements of the year ended 31 December 2021.

The changes on the statement of financial position as of 31 December 2022 is as following:

	As previously Reported at 31 Dec 2022 AED‘000	*Reclassification AED‘000*	*Restated amounts at 31 Dec 2022 AED‘000*
Loan receivable from an associate	316,000	(88,164)	227,836
Trade and other receivables	103,484	88,164	191,648