National Cement Company (Public Shareholding Co)

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2023

Ernst & Young Middle East (Dubai Branch)
P.O. Box 9267
ICD Brookfield Place, Ground Floor
Al-Mustaqbal Street
Dubai International Financial Centre
Emirate of Dubai
United Arab Emirates

Tel: +971 4 701 0100
+971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com

PL No. 108937

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 2023, which comprise the interim statement of financial position as at 31 March 2023, 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, *Interim Financial Reporting* (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 are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

Emphasis of Matter

We draw attention to Note 23 to the interim condensed financial statements, which describes the situation that has ensued in Sudan subsequent to the period end and the management's assessment thereon. Our opinion is not modified in respect of this matter.

For Ernst & Young

Signed by:
Wardah Ebrahim
Partner
Registration No. 1258

11 May 2023

Dubai, United Arab Emirates

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023

		Three-months ended	
	Notes	***31 March 2023 AED '000 (Unaudited)***	*31 March 2022 AED '000 (Unaudited)*
Revenue		**42,398**	38,992
Direct costs	3	**(48,980)**	(48,417)
GROSS LOSS		**(6,582)**	(9,425)
Other operating income	4	**1,837**	3,251
Administration and general expenses	5	**(5,288)**	(5,600)
Selling and distribution expenses		**(1,116)**	(1,096)
OPERATING LOSS		**(11,149)**	(12,870)
Finance income	6	**863**	4,475
Finance cost		**(1,655)**	(635)
Dividend income from equity investments	9	**63,923**	-
Net change in fair value of debt instruments at FVTPL	9	**2,548**	(1,779)
Fair value of debt instruments at FVOCI recycled to profit or loss on disposal		**(3,749)**	(6,602)
PROFIT / (LOSS) FOR THE PERIOD		**50,781**	(17,411)
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	**148,721**	72,045
Items that have been reclassified to profit or loss or may be reclassified to profit or loss in subsequent periods:			
Net change in fair value of debt instruments at FVOCI	9	**(6,436)**	(2,251)
Fair value of debt instruments at FVOCI recycled to profit or loss on disposal		**3,749**	6,602
Other comprehensive income for the period		**146,034**	76,396
Total comprehensive income for the period		**196,815**	58,985
Earnings per share			
Basic and diluted earnings per share (AED)	18	**0.142**	(0.049)

The attached notes 1 to 23 form part of these interim condensed financial statements.

INTERIM STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Notes	***31 March 2023 AED '000 (Unaudited)***	*31 December 2022 AED '000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	7	**154,196**	157,959
Intangible assets		**1,536**	1,713
Investment properties	8	**2,924**	2,924
Investments in financial assets	9	**1,260,894**	1,113,535
Loan receivable from an associate	11	**316,000**	316,000
Total non-current assets		**1,735,550**	1,592,131
Current assets			
Investments in financial assets	9	**8,620**	11,954
Inventories	12	**65,761**	77,481
Trade and other receivables	13	**108,412**	103,484
Advances and other receivables		**6,067**	6,837
Bank balances and cash	15	**92,580**	41,976
Total current assets		**281,440**	241,732
TOTAL ASSETS		**2,016,990**	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		**949,760**	803,726
Retained earnings		**42,984**	(7,797)
Total equity		**1,844,295**	1,647,480
Non-current liability			
Employees' end of service benefits		**19,833**	20,540
		19,833	20,540
Current liabilities			
Bank borrowings	16	**113,151**	120,000
Trade and other payables	17	**39,711**	45,843
		152,862	165,843
Total liabilities		**172,695**	186,383
TOTAL EQUITY AND LIABILITIES		**2,016,990**	1,833,863

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

Chairman

Vice Chairman

The attached notes 1 to 23 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CHANGES IN EQUITY
For the three months ended 31 March 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	-	-	-	-	-	50,781	50,781
Other comprehensive income for the period	-	-	-	-	146,034	-	146,034
Total comprehensive income for the period	-	-	-	-	146,034	50,781	196,815
As at 31 March 2023 (Unaudited)	**358,800**	**26**	**179,402**	**313,323**	**949,760**	**42,984**	**1,844,295**
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	-	-	-	-	-	(17,411)	(17,411)
Other comprehensive income for the period	-	-	-	-	76,396	-	76,396
Total comprehensive income / (loss) for the period	-	-	-	-	76,396	(17,411)	58,985
As at 31 March 2022 (Unaudited)	358,800	26	179,402	313,323	886,910	39,392	1,777,853

The attached notes 1 to 23 form part of these interim condensed financial statements.

INTERIM STATEMENT OF CASH FLOWS
For the three months ended 31 March 2023

	Notes	Three months ended 31 March 2023 AED '000 Unaudited	Three months ended 31 March 2022 AED '000 Unaudited
OPERATING ACTIVITIES			
Profit / (loss) for the period		**50,781**	(17,411)
Adjustments for:			
Depreciation and amortization		**4,581**	4,450
Change in fair value of financial assets at FVTPL, net	9	**(2,548)**	1,779
Change in fair value of financial assets at FVOCI recycled to profit or loss		**3,749**	6,602
Write down of inventories		**1,202**	1,821
Provision for employees' end of services benefits, net		**309**	323
Finance income	6	**(863)**	(4,475)
Finance cost		**1,655**	635
Dividend income		**(63,923)**	-
Operating loss before working capital changes		**(5,057)**	(6,276)
Working capital changes:			
Inventories		**10,518**	(1,941)
Trade and other receivables		**(4,928)**	(9,957)
Advances and other receivables		**770**	(3,358)
Trade and other payables		**(6,132)**	(4,028)
Cash used in operations		**(4,829)**	(25,560)
End of service benefits paid		**(1,015)**	(67)
Net cash flows used in operating activities		**(5,844)**	(25,627)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(642)**	(377)
Purchase of financial assets	9	**(3,671)**	(3,405)
Proceeds from maturity/disposals of financial assets		**4,479**	7,977
Interest received		**863**	4,475
Fixed deposit released/(placed)		**(60,000)**	17,061
Dividend income	9	**63,923**	-
Net cash flows from investing activities		**4,952**	25,731
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**68,151**	65,000
Repayment of bank borrowings		**(75,000)**	(65,000)
Finance costs paid		**(1,655)**	(635)
Net cash flows used in financing activities		**(8,504)**	(635)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,396)**	(531)
Cash and cash equivalents at the beginning of the period		**16,976**	14,046
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	15	**7,580**	13,515

The attached notes 1 to 23 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 2021, and is effective from 2 January 2022. The Company is in compliance with the new law and applied the requirements.

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 three months ended 31 March 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 financial statements and are not expected to have any significant impact on the Company's financial statements when they become effective, and accordingly, have not been listed in these 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

	Three months ended	
	31 March 2023 AED '000 (Unaudited)	*31 March 2022 AED '000 (Unaudited)*
Material cost	**30,875**	27,281
Utilities and other factory costs	**7,917**	10,442
Staff cost	**4,794**	4,828
Depreciation of property, plant and equipment	**4,192**	4,045
Write down of inventories	**1,202**	1,821
	48,980	48,417

4 OTHER OPERATING INCOME

	Three months ended	
	31 March 2023 AED '000 (Unaudited)	31 March 2022 AED '000 (Unaudited)
Sale of scrap and other non-trading materials	**439**	2,024
Rental income from investment properties	**861**	804
Other rental income	**468**	402
Others	**69**	21
	1,837	3,251

5 ADMINISTRATION AND GENERAL EXPENSES

	Three months ended	
	31 March 2023 AED '000 (Unaudited)	31 March 2022 AED '000 (Unaudited)
Staff cost	**3,225**	3,706
Office expenses	**990**	555
Depreciation of property, plant and equipment	**238**	255
Amortization of Intangible asset	**150**	150
Bank charges	**70**	141
Utilities	**32**	39
Other	**583**	754
	5,288	5,600

6 FINANCE INCOME

	Three months ended	
	31 March 2023 AED '000 (Unaudited)	31 March 2022 AED '000 (Unaudited)
Interest income on loan to associate (note 14)	**-**	2,915
Interest income on investments in financial assets (debt instruments)	**863**	1,560
	863	4,475

7 PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended March 31, 2023 additions to property, plant and equipment amounted to AED 0.64 million (2022: AED 0.37 million) and depreciation charge for the period amounted to AED 4.58 million (2022: AED 4.30 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 (2022: AED 37 million) as per the internal valuation carried out by the management in 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 categorized as Level 3 fair value based on valuation inputs used.

9 INVESTMENTS IN FINANCIAL ASSETS

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Current assets		
Investments at FVOCI	**5,668**	9,245
Investments at FVTPL	**2,952**	2,709
	8,620	11,954
Non-current assets		
Investments at FVOCI	**1,251,860**	1,102,327
Investments at FVTPL	**9,034**	11,208
	1,260,894	1,113,535
	1,269,514	1,125,489

The categories of investments in financial assets are as follows:

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Quoted equity instruments – at fair value	**1,203,001**	1,050,609
Debt instruments – at fair value	**24,645**	33,012
Unquoted equity instrument – at fair value*	**41,868**	41,868
	1,269,514	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. The Company was able to engage a third-party valuer to reliably determine the fair value of the investment. Accordingly, based on management's judgement, the fair value was determined to be AED 41,868 thousand as at the reporting date (2022: AED 41,868 thousand).

Investments in financial assets amounting to AED 784,527 thousand (2022: AED 672,889 thousand) are pledged with banks against loans and borrowings.

The Company has received dividend income amounting to AED 63,923 thousand from equity investments as at 31 March 2023 (2022: Nil).

9 INVESTMENTS IN FINANCIAL ASSETS (continued)

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

	Three-months ended 31 March 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**	**13,918**	**1,092,476**	**1,125,489**
Additions	**-**	**-**	**3,671**	**3,671**
Matured/redeemed	**-**	**(4,479)**	**-**	**(4,479)**
Change in fair value	**(6,436)**	**2,548**	**148,721**	**144,833**
At the end of the period	**12,659**	**11,987**	**1,244,868**	**1,269,514**

	Three-months ended 31 March 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	-	3,405	-	3,405
Matured/redeemed	(4,504)	(3,473)	-	(7,977)
Change in fair value	(2,251)	(1,779)	72,045	68,015
At the end of the period	54,922	36,564	1,175,506	1,266,992

The investments in financial assets by geography are as follows:

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
United Arab Emirates	**1,059,890**	919,201
Saudi Arabia	**151,121**	151,880
Other countries	**58,503**	54,408
	1,269,514	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 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 provided for the investment in the associate and it has no further obligation towards the losses, exceeding the face value of equity shares held.

11 LOAN RECEIVABLES FROM ASSOCIATE

The loan of AED 316 million at 31 March 2023 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 on 31 March 2023, management concluded that no impairment is required on the loan balance as at the reporting date.

12 INVENTORIES

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Work in progress	**23,477**	35,173
Raw materials	**13,612**	13,290
Finished goods	**3,252**	3,634
Consumables and spare parts	**25,420**	25,384
	65,761	77,481

13 TRADE AND OTHER RECEIVABLES

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Trade receivables		
Receivables from third party customers	**108,543**	104,766
Related parties (Note 14)	**5,599**	4,406
Less: allowance for expected credit losses	**(9,244)**	(9,244)
	104,898	99,928
Due from a related party (Note 14)	**933**	934
Other receivables	**2,581**	2,622
	108,412	103,484

14 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.

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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

a. Significant transactions with related parties:

	Three months ended	
	31 March 2023 AED '000 (Unaudited)	*31 March 2022 AED '000 (Unaudited)*
Associate		
Interest income	**-**	2,916
Suspended Interest income	**6,662**	-
Other related parties		
Sale of cement	**1,986**	1,034
Purchase of materials and services	**(23)**	(17)

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 2023 AED '000 (Unaudited)	*31 March 2022 AED '000 (Unaudited)*
Salaries and other short-term benefits	**795**	835
End of service benefits	**44**	44
	839	879

c. Due from related parties

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Associate	**51,897**	45,236
Less: suspended interest	**(50,964)**	(44,302)
	933	934
Trade receivables:		
Other related parties	**5,599**	4,406
	6,532	5,340

The Company has loan of AED 316 million at 31 March 2023 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 (Note 11). The Company has suspended the interest associated with the loan amounting to AED 6,662 Thousand for the period ended March 31,2023 (Nil of interest were suspended for the period ended March 31,2022)

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

d. Due to related parties

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Other related parties	**21**	4

15 CASH AND CASH EQUIVALENTS

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Cash in hand	**341**	232
Cash at banks – fixed deposits*	**85,000**	25,000
Cash at banks – current accounts	**7,239**	16,744
Bank balances and cash	**92,580**	41,976
Less: fixed deposits*	**(85,000)**	(25,000)
Cash and cash equivalents	**7,580**	16,976

* Fixed deposits carry interest at commercial rates and have an initial maturity of 1 year.

16 BANK BORROWINGS

	31 March 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	**3,151**	-
	113,151	120,000
Less: current portion	**(113,151)**	(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 the 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 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 586,067 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 198,459 thousand as at the reporting date (2022: AED 205,709 thousand).

The Company has complied with the financial covenants required under the banking facilities as at 31 March 2023 and 2022.

17 TRADE AND OTHER PAYABLES

	31 March 2023 AED '000 (Unaudited)	*31 December 2022 AED '000 (Audited)*
Trade payables	**10,861**	16,767
Dividends payable	**16,780**	16,780
Accruals for employee benefits	**5,131**	5,069
Advances	**1,182**	900
Accrued interest	**578**	583
Due to related parties (Note 14)	**21**	4
Accrued expenses and other payables	**5,158**	5,740
	39,711	45,843

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 50,781 thousand (2022: loss of AED 17,411 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**:**

	Three months ended 31 March 2023 (Unaudited)			*Three months ended 31 March 2022 (Unaudited)*		
	Cement AED '000	***Investments AED '000***	***Total AED '000***	*Cement AED '000*	*Investments AED '000*	*Total AED '000*
Revenue	**42,398**	**-**	**42,398**	38,992	-	38,992
Direct costs	**(44,788)**	**-**	**(44,788)**	(44,372)	-	(44,372)
Depreciation	**(4,430)**	**-**	**(4,430)**	(4,300)	-	(4,300)
Administration, selling and general expenses	**(6,166)**	**-**	**(6,166)**	(6,441)	-	(6,441)
Other operating income	**976**	**861**	**1,837**	2,447	804	3,251
Finance cost	**(1,655)**	**-**	**(1,655)**	(529)	(106)	(635)
Finance income	**-**	**863**	**863**	-	4,475	4,475
Dividend income	**-**	**63,923**	**63,923**	-	-	-
Change in fair value of financial assets, net	**-**	**(1,201)**	**(1,201)**	-	(8,381)	(8,381)
Segment (loss)/profit	**(13,665)**	**64,446**	**50,781**	(14,203)	(3,208)	(17,411)

19 SEGMENT REPORTING (continued)

	31 March 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*	**335,972**	**1,588,439**	**1,924,411**	347,473	1,444,413	1,791,886
Segment liabilities	**152,695**	**20,000**	**172,695**	176,383	10,000	186,383
Capital expenditure	**638**	**-**	**638**	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 three-month period ended 31 March 2023 and three-month period ended 31 March 2022 is within UAE.

b) Major customers

During the three months period ended 31 March 2023, there is one customer (2022: 2 customers) with revenue greater than 10% of the total revenue of the Company.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

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

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

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

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

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

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

31 March 2023 (Unaudited)	***Level 1 AED '000***	***Level 2 AED '000***	***Level 3 AED '000***	***Total AED '000***
Quoted equity instruments at FVOCI	**1,203,001**	**-**	**-**	**1,203,001**
Unquoted equity instruments	**-**	**-**	**41,868**	**41,868**
Quoted debt instruments at FVOCI	**-**	**12,659**	**-**	**12,659**
Quoted debt instruments at FVTPL	**-**	**11,986**	**-**	**11,986**
Total	**1,203,001**	**24,645**	**41,868**	**1,269,514**

20 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

21 DIVIDENDS

The shareholders approved the Board of Directors' recommendation to distribute cash dividends of Nil as at 31 March 2023 (21 April 2022: AED 35,880,000)

22 CORPORATE INCOME TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). In addition, there are several other decisions that are yet to be finalised by way of a Cabinet Decision that are significant in order for entities to determine their tax status and the taxable income. Therefore, pending such important decisions by the Cabinet as at 31 December 2022, the Company has considered that the Law is not substantively enacted from IAS 12 – Income Taxes perspective as at 31 December 2022. The Company shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Company is currently in the process of assessing the possible impact on financial statements, both from current and deferred tax perspective, once these critical cabinet decisions are issued.

23 SUBSEQUENT EVENT

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.

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, accordingly management has not revised its assessment of the carrying amount of the loan.