Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2021 (UNAUDITED)

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC)

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Sharjah Cement and Industrial Development Co. (PJSC) (the "Company") and its subsidiary (the "Group"), which comprise the condensed consolidated interim statement of financial position as at 30 September 2021 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended and the related interim statement of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim 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 and consequently 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No.: 690

11 November 2021

Sharjah, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF INCOME
For the nine month periods ended 30 September 2021 (unaudited)

		Three month period ended 30 September		*Nine month period ended 30 September*	
	Notes	***2021 AED'000***	*2020 AED'000*	***2021 AED'000***	*2020 AED'000*
Revenue	15	**124,092**	101,498	**379,436**	325,221
Cost of sales	15	**(127,230)**	(113,755)	**(374,802)**	(336,276)
Gross profit/(loss)		**(3,138)**	(12,257)	**4,634**	(11,055)
Administrative and general expenses		**(4,749)**	(4,160)	**(15,251)**	(13,714)
Selling and distribution expenses		**(1,737)**	(1,426)	**(5,153)**	(4,267)
Investment income/(loss)	4	**4,531**	(919)	**10,977**	(5,581)
Finance expenses		**(3,028)**	(4,831)	**(9,696)**	(15,032)
Other income		**685**	862	**2,142**	2,246
Loss for the period		**(7,436)**	(22,731)	**(12,347)**	(47,403)
Loss attributable to:					
Equity holders of the parent		**(7,436)**	(22,731)	**(12,347)**	(47,403)
Earnings per share					
Basic and diluted earnings per share (AED)	13	**(0.012)**	(0.037)	**(0.020)**	(0.078)

The attached notes 1 to 17 form part of these unaudited condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the nine month periods ended 30 September 2021 (unaudited)

		Three month period ended 30 September		*Nine month period ended 30 September*	
	Notes	***2021 AED'000***	*2020 AED'000*	***2021 AED'000***	*2020 AED'000*
Loss for the period		**(7,436)**	(22,731)	**(12,347)**	(47,403)
Other comprehensive income for the period					
Items that will not be reclassified to profit or loss:					
Investments carried at FVTOCI - net change in fair value	6.1	**6,669**	3,385	**17,176**	(25,174)
Items that may be reclassified to profit or loss:					
Change in fair value of interest rate swap	6.1	**265**	393	**989**	(2,385)
Other comprehensive income/(loss) for the period		**6,934**	3,778	**18,165**	(27,559)
Total comprehensive (loss)/income for the period		**(502)**	(18,953)	**5,818**	(74,962)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		**(502)**	(18,953)	**5,818**	(74,962)

The attached notes 1 to 17 form part of these unaudited condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021 (unaudited)

	Notes	***30 September 2021 AED'000 (Unaudited)***	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
ASSETS				
Non-current assets				
Property, plant and equipment		**929,829**	970,643	976,970
Investment properties	7	**253,176**	259,664	273,907
Investments carried at FVTOCI	6.1	**148,512**	125,614	122,984
		1,331,517	1,355,921	1,373,861
Current assets				
Inventories		**207,123**	236,690	254,673
Trade and other receivables		**180,076**	183,743	231,028
Investments carried at FVTPL	6.2	**32,106**	22,651	21,993
Cash in hand and at bank	8	**15,373**	26,643	32,957
Assets held for sale	5	**45,016**	45,016	22,508
		479,694	514,743	563,159
TOTAL ASSETS		**1,811,211**	1,870,664	1,937,020
EQUITY AND LIABILITIES				
Share capital	10	**608,254**	608,254	608,254
Statutory reserve	11	**334,091**	334,091	334,091
General reserve	12	**226,373**	226,373	226,373
Fair value reserve	6.1	**5,357**	(12,314)	(15,274)
Retained earnings		**152,344**	164,197	187,430
		1,326,419	1,320,601	1,340,874
Non-current liabilities				
Long term borrowings	9	**128,564**	183,306	199,297
Provision for staff terminal benefits		**27,513**	27,453	27,917
		156,077	210,759	227,214
Current liabilities				
Trade and other payables		**108,969**	97,489	91,356
Short term borrowings	9	**219,746**	241,815	277,576
		328,715	339,304	368,932
Total liabilities		**484,792**	550,063	596,146
TOTAL EQUITY AND LIABILITIES		**1,811,211**	1,870,664	1,937,020

Chairman

Chief Executive

The attached notes 1 to 17 form part of these unaudited condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine month periods ended 30 September 2021 (unaudited)

	Notes	*Nine month period ended 30 September* **2021** ***AED'000***	*2020* *AED'000*
OPERATING ACTIVITIES			
Loss for the period		**(12,347)**	(47,403)
Adjustments for:			
Depreciation on property, plant and equipment		**52,082**	52,347
Depreciation on investment properties		**6,612**	6,591
Provision for staff terminal benefits		**1,628**	1,789
Gain on disposal of property, plant and equipment		**(3)**	-
Allowance for expected credit loss		**-**	550
Provision for inventory (net off)		**(2,000)**	(1,550)
Realised (gain)/loss on disposal of investments carried at FVTPL	4	**295**	(142)
(Gain)/loss on change in fair value of investments carried at FVTPL	4	**(5,724)**	4,965
Rental income from investment properties		**(3,417)**	(503)
Dividend income	4	**(3,995)**	(5,114)
Interest expense		**9,696**	15,032
		42,827	26,562
Changes in working capital:			
Inventories		**31,567**	104,609
Trade and other receivables		**3,667**	69,465
Trade and other payables		**12,469**	(92,598)
		90,530	108,038
Staff terminal benefits paid		**(1,568)**	(2,591)
Net cash from operating activities		**88,962**	105,447
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (including advances)		**(11,268)**	(23,423)
Additions to investment properties		**(124)**	(8,608)
Proceeds from disposal of property, plant and equipment		**3**	-
Purchase of investments carried at FVTOCI	6.1	**(7,874)**	(2,021)
Proceeds from disposal investments carried at FVTOCI		**2,152**	1,927
Dividend income	4	**3,995**	5,114
Rental income from investment properties		**3,417**	503
Purchase of investment carried at FVTPL	6.2	**(7,747)**	(4,198)
Proceeds from disposal of investments carried at FVTPL	6.2	**3,721**	5,062
Net cash used in investing activities		**(13,725)**	(25,644)
FINANCING ACTIVITIES			
Repayment of long term bank loans		**(54,742)**	(56,426)
Long term bank loans availed		**-**	8,986
Net movement in short term borrowings		**(22,069)**	(4,867)
Interest paid		**(9,696)**	(15,032)
Net cash used in financing activities		**(86,507)**	(67,339)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(11,270)**	12,464
Cash and cash equivalents at the beginning of the period		**26,643**	20,493
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	**15,373**	32,957
Cash and cash equivalents comprise:			
Cash in hand and at bank	8	**15,373**	32,957

The attached notes 1 to 17 form part of these unaudited condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month periods ended 30 September 2021 (unaudited)

	Attributable to the equity holders of the parent					
	Share capital	*Statutory reserve*	*General reserve*	*Fair value reserve*	*Retained earnings*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Balance at 1 January 2021 (audited)	608,254	334,091	226,373	(12,314)	164,197	1,320,601
Loss for the period	-	-	-	-	(12,347)	(12,347)
Other comprehensive income for the period	-	-	-	18,165	-	18,165
Total comprehensive income for the period (unaudited)	-	-	-	18,165	(12,347)	5,818
Transfer of fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 6)	-	-	-	(494)	494	-
Balance at 30 September 2021 (unaudited)	**608,254**	**334,091**	**226,373**	**5,357**	**152,344**	**1,326,419**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the nine month periods ended 30 September 2021 (unaudited)

	Attributable to the equity holders of the parent					
	Share capital	*Statutory reserve*	*General reserve*	*Fair value reserve*	*Retained earnings*	*Total*
	AED'000	*AED'000*	*AED'000*	*AED'000*	*AED'000*	*AED'000*
Balance at 1 January 2020 (audited)	608,254	334,091	226,373	12,324	234,794	1,415,836
Loss for the period	-	-	-	-	(47,403)	(47,403)
Other comprehensive loss for the period	-	-	-	(27,559)	-	(27,559)
Total comprehensive loss for the period (unaudited)	-	-	-	(27,559)	(47,403)	(74,962)
Transfer of fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 6)	-	-	-	(39)	39	-
Balance at 30 September 2020 (unaudited)	608,254	334,091	226,373	(15,274)	187,430	1,340,874

1 CORPORATE INFORMATION

Sharjah Cement and Industrial Development Co. (PJSC) (the "Company") was incorporated in Sharjah, United Arab Emirates in 1977 under an Emiri Decree issued by H.H. The Ruler of Sharjah and has since been registered as a public joint stock company. The registered office of the Company is P.O. Box 2083 Sharjah, United Arab Emirates. The shares of the Company are listed on Abu Dhabi Securities Market. Shareholders have resolved at the Annual General Meeting held on 30 April 2020 to delist the company's shares from Kuwait Stock Exchange and authorized the Board of Directors to complete all formalities for the delisting. Kuwait Capital Market Authority has approved the voluntary withdrawal of the Company from Kuwait Stock Exchange and 26 August 2021 was the last date for trading of Company's shares on Kuwait Stock Exchange.

The condensed consolidated interim financial statements ('interim financial statements') as at and for the nine month period ended 30 September 2021 comprise the Company and its subsidiary (collectively referred to as "the Group").

The Group is engaged in the manufacture and supply of cement, paper sacks and plastic ropes. The Group invests its surplus funds in investment securities, private equities and properties. The Group operates from Sharjah, United Arab Emirates and sells its products in the UAE and certain other countries in the Middle East, Africa and Asia.

Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group 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.

The condensed consolidated interim financial statements were approved by the Board of Directors, and authorised for issue on 11 November 2021.

2 BASIS OF PREPARATION

Statement of compliance
These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, results for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

Basis of measurement
These interim financial statements have been presented on the historical cost basis except for investments carried at fair value through other comprehensive income ("FVTOCI"), investments carried at fair value through profit or loss ("FVTPL") and derivative financial instruments which are measured at fair value.

Functional and presentation currency
These interim financial statements are presented in United Arab Emirates Dirham ("AED"), rounded to nearest thousand except when otherwise indicated, which is the Company's functional currency.

Accounting estimates and judgments
In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2 BASIS OF PREPARATION (continued)

Measurement of fair values
A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the significant assumptions made in measuring fair values are explained in Group's consolidated financial statements as at and for the year ended 31 December 2020.

2.1 BASIS OF CONSOLIDATION

The Group comprises of the Company and the under-mentioned subsidiary company.

Subsidiary	*Principal activity*	*Country of incorporation*	***Ownership***	
			2021	*2020*
Gulf Rope & Plastic Products Co. LLC	Rope and plastic products	United Arab Emirates	**100%**	100%

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 September 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

2.1 BASIS OF CONSOLIDATION (continued)

Basis of consolidation (continued)
Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020 except for the below accounting policy.

Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)
The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

New standards, interpretations, and amendments
The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed consolidated interim financial statements.

4 INVESTMENT INCOME/ (LOSS)

	Three month period ended 30 September		***Nine month period ended 30 September***	
	2021 AED'000	*2020 AED'000*	***2021 AED'000***	*2020 AED'000*
Gain/(loss) on change of fair value of investments carried at FVTPL (refer note 6.2)	**1,076**	1,364	**5,724**	(4,965)
Realized (loss)/ gain on disposal of investments carried at FVTPL (refer note 6.2)	**(21)**	59	**(295)**	142
Operating loss from investment properties	**(1,043)**	(2,477)	**(3,195)**	(6,088)
Dividend income	**-**	-	**3,995**	5,114
Profit distribution from funds	**4,630**	-	**4,740**	-
Others	**(111)**	135	**8**	216
	4,531	(919)	**10,977**	(5,581)

5 ASSET HELD FOR SALE

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Opening balance	**45,016**	22,508	22,508
Transferred from other receivables (refer note (ii) below)	-	22,508	-
Closing balance	**45,016**	45,016	22,508

(i) During the year 2018, the board of directors has resolved to divest the investment in Autoline Industrial Park Limited (AIPL) within next twelve months. In December 2018, the Group divested 50% of the investment in AIPL for a total gross consideration of AED 39.08 million which was receivable over 33 months.

(ii) During the year 2020, Due to Covid-19 pandemic and resultant economic slowdown, buyer expressed his inability to continue with the scheduled payments towards the consideration for purchase of AIPL shares as his cash flows were seriously impacted. After negotiations, both parties signed the termination agreement to terminate the agreement for sale of company's 50% shares in Autoline Industrial Park Limited. Consequently, gain recognized on sale of shares amounting to AED 8,457 thousand was reversed and the amount due from the buyer was reclassified from other receivables to reinstate the Asset held for sale at its original cost.

(iii) The Board of Directors of AIPL has approved a joint development of the land with a reputed developer and the regulatory procedures for the joint development of the land are being completed.

(iv) Management is in active discussion with potential buyers and expect to sell the investment within next 12 to 15 months. Management is of the view that carrying value is not expected to be higher than the fair value less cost to sell.

6 INVESTMENTS

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Investments carried at FVTOCI			
Investment in quoted securities - refer note 6.1	**121,973**	100,610	91,447
Investment in unquoted securities - refer note 6.1	**26,539**	25,004	31,537
(i)	**148,512**	125,614	122,984
Investments carried at FVTPL			
Investment in quoted securities - refer note 6.2	**32,106**	22,651	21,993
(ii)	**32,106**	22,651	21,993
(i) + (ii)	**180,618**	148,265	144,977

6 INVESTMENTS (continued)

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Quoted:			
UAE	**124,828**	101,641	93,121
Outside UAE	**29,251**	21,620	20,319
Unquoted:			
UAE	**2,027**	2,027	3,823
Outside UAE	**24,512**	22,977	27,714
	180,618	148,265	144,977

6.1 Investments carried at FVTOCI

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Opening balance	**125,614**	148,064	148,064
Purchase during the period/year	**7,874**	2,021	2,021
Change in fair value	**17,176**	(22,545)	(25,174)
Disposals during the period/ year	**(2,152)**	(1,926)	(1,927)
Closing balance	**148,512**	125,614	122,984

Cumulative changes in fair value of investments carried at FVTOCI

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Opening balance	**(10,260)**	12,324	12,324
Change in fair value during the period/year	**17,176**	(22,545)	(25,174)
Less: transferred to retained earnings upon disposal	**(494)**	(39)	(39)
Closing balance (i)	**6,422**	(10,260)	(12,889)

Change in fair value of interest rate swap

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Opening balance	**(2,054)**	-	-
Change in fair value during the period/year	**989**	(2,054)	(2,385)
Closing balance (ii)	**(1,065)**	(2,054)	(2,385)
Fair value reserve as on (i) + (ii)	**5,357**	(12,314)	(15,274)

6 INVESTMENTS (continued)

6.2 Investments carried at FVTPL

Movement during the period/ year is as follows:

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Opening balance	**22,651**	27,680	27,680
Purchase during the period/year	**7,747**	8,027	4,198
Change in fair value (refer note 4)	**5,724**	(3,148)	(4,965)
Gain on disposal of investments carried at FVTPL (refer note 4)	**(295)**	(769)	142
Disposals during the period/ year	**(3,721)**	(9,139)	(5,062)
Closing balance	**32,106**	22,651	21,993

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

At 30 September 2021	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Investments carried at FVTOCI	**121,973**	**-**	**26,539**	**148,512**
Investments carried at FVTPL	**32,106**	**-**	**-**	**32,106**
	154,079	**-**	**26,539**	**180,618**

At 31 December 2020	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Investments carried at FVTOCI	100,610	-	25,004	125,614
Investments carried at FVTPL	22,651	-	-	22,651
	123,261	-	25,004	148,265

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

7 INVESTMENT PROPERTIES

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Lands	**96,019**	96,019	96,081
Buildings	**157,157**	163,645	175,960
Properties under development	**-**	-	1,866
Total	**253,176**	259,664	273,907

Investment properties are accounted for using the cost model. The fair value of the investment properties as at 31 December 2020 are based on the valuation report issued by an independent valuer. The valuer is registered in the United Arab Emirates. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Valuations are performed on a periodic basis, at least annually. Fair value of the Company's investment properties are based on unobservable inputs (i.e. Level 3). The fair value of the entire portfolio of investment properties as at 31 December 2020 was AED 408 million.

8 CASH IN HAND AND AT BANK

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Cash in hand and at bank	**15,373**	26,643	32,957

Cash in hand and at bank includes AED 1.4 million (31 December 2020: AED 1.6 million and 30 September 2020: AED 6.6 million) held outside UAE.

9 BANK BORROWINGS

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Long term borrowings:			
Term loans	**187,320**	242,062	256,744
Less: short term portion of term loans	**(58,756)**	(58,756)	(57,447)
Long term portion of loan	**128,564**	183,306	199,297
Short term borrowings:			
Short term loans	**160,990**	183,059	220,129
Current portion of term loans	**58,756**	58,756	57,447
	219,746	241,815	277,576

(i) All facilities bear interest rates at prevailing market rates.

(ii) Bank borrowings are secured by:

- Demand promissory note for AED 325 million in favor of the bank as a security against the bank facilities.
- Registered mortgage & assignment of insurance policy over an investment property for an amount of AED 92 Million.
- Assignment of insurance policy in favour of one of the banks in UAE for an amount of AED 80 Million in respect of plant and machinery on Pari Paasu basis.
- Assignment of insurance policy in respect of captive power plant for an amount of AED 134 Million in favour of one of the banks in UAE.

(iii) Bank borrowings are also subject to certain financial covenants. Testing for compliance with the financial covenants is done annually on 31 December. As at 31 December 2020, the Group had complied with the financial covenants as specified in the facility letters with the banks.

10 SHARE CAPITAL

	30 September 2021 AED'000 (Unaudited)	*31 December 2020 AED'000 (Audited)*	*30 September 2020 AED'000 (Unaudited)*
Authorised, issued and paid up			
608,253,747 shares of AED 1 each	**608,254**	608,254	608,254

11 STATUTORY RESERVE

In accordance with Article 239 of the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, a minimum of 10% of the net profit of the Company is allocated every year to a non- distributable statutory reserve. Such allocation may be ceased when the statutory reserve equals half of the paid up share capital of the Company. This reserve is not available for distribution except in circumstances stipulated by the law. The Board of Directors have not proposed any further transfer to the statutory reserve as the reserve is in excess of 50% of the paid up share capital.

12 GENERAL RESERVE

As per Company's Articles of Association, 10% of the profit for the year has to be transferred to general reserve until the reserve reaches 25% of the paid up share capital. This reserve is available for distribution at the recommendation of the directors and approval of shareholders in an ordinary general meeting. The Board of Directors have not proposed any further transfer to the general reserve as the reserve is in excess of 25% of the paid up share capital.

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Group and the weighted average number of ordinary shares outstanding as at 30 September 2021, calculated as follows:

	Three month period ended 30 September		***Nine month period ended 30 September***	
	2021 AED'000	*2020 AED'000*	***2021 AED'000***	*2020 AED'000*
Earnings per share				
Net (Loss) for the period	**(7,436)**	(22,731)	**(12,347)**	(47,403)
Weighted average number of shares outstanding ('000s)	**608,254**	608,254	**608,254**	608,254
Basic and diluted earnings per share (AED)	**(0.012)**	(0.037)	**(0.020)**	(0.078)

14 CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 September 2021, the Group has issued guarantees relating to performance bonds amounting to AED 1 million (31 December 2020: AED 1.8 million), from which it is anticipated that no material liabilities will arise.

Estimated capital expenditure commitment at the reporting date amounted to AED 15.4 million (31 December 2020: AED 17.8 million).

The Group also has commitments of AED 4.5 million (31 December 2020: AED 8.6 million) on account of investments made in securities and funds. The Group has to pay as and when calls are made by the fund managers/investee companies.

15 SEGMENT REPORTING

The Group has broadly two major reportable segments as described below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

Manufacturing segment includes cement, paper sacks and ropes products.
Investment segment includes investment and cash management for the Company's own account.

Investment segment is organised into two business units as follows:

- Investment and letting out properties in UAE.
- Investment in public and private equities and funds, mainly in GCC and Asia.

The above segments are the basis on which the management monitors the operating results of these segments for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are eliminated on consolidation.

	Three month period ended 30 September		***Nine month period ended 30 September***	
	2021 AED'000	*2020 AED'000*	***2021 AED'000***	*2020 AED'000*
Manufacturing				
Revenue	**124,092**	101,498	**379,436**	325,221
Cost of sales	**(127,230)**	(113,755)	**(374,802)**	(336,276)
Gross (loss)/profit	**(3,138)**	(12,257)	**4,634**	(11,055)
Miscellaneous expenses	**683**	736	**2,167**	2,157
Expenses	**(3,645)**	(3,168)	**(10,808)**	(10,161)
Net segment results	**(6,100)**	(14,689)	**(4,007)**	(19,059)
Investment				
Income from investment in private and public equities and funds	**5,574**	1,558	**14,172**	507
	5,574	1,558	**14,172**	507
Income from investment properties	**1,161**	(278)	**3,417**	503
Depreciation	**(2,204)**	(2,199)	**(6,612)**	(6,591)
	(1,043)	(2,477)	**(3,195)**	(6,088)
Net segment results	**4,531**	(919)	**10,977**	(5,581)
Finance costs	**(3,028)**	(4,831)	**(9,696)**	(15,032)
Unallocated income and expenses-Head office	**(2,839)**	(2,292)	**(9,621)**	(7,731)
(Loss) for the period	**(7,436)**	(22,731)	**(12,347)**	(47,403)

15 SEGMENT REPORTING (continued)

Other information

	30 September 2021			*31 December 2020*		
	Manufacturing AED'000	***Investment AED'000***	***Total AED'000***	*Manufacturing AED'000*	*Investment AED'000*	*Total AED'000*
Segment assets	**1,329,969**	**481,242**	**1,811,211**	1,413,883	456,781	1,870,664
Segment liabilities	**484,412**	**380**	**484,792**	546,319	3,744	550,063
Depreciation	**52,082**	**6,612**	**58,694**	69,296	8,794	78,090
Capital expenditure	**11,268**	**7,998**	**19,266**	34,045	9,914	43,959

Geographical information
The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 30 September 2021 and 30 September 2020.

	30 September 2021			*30 September 2020*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Revenue	**287,480**	**91,956**	**379,436**	247,028	78,193	325,221
Investment (loss)/ income	**2,177**	**8,800**	**10,977**	(3,395)	(2,186)	(5,581)

	30 September 2021			*31 December 2020*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Assets	**1,693,245**	**117,966**	**1,811,211**	1,760,911	109,753	1,870,664
Liabilities	**391,758**	**93,034**	**484,792**	441,770	108,293	550,063
Capital expenditure	**11,392**	**7,874**	**19,266**	41,938	2,021	43,959

16 SEASONALITY OF RESULTS

Dividend income amounted to AED 3,995 thousand and AED 5,114 thousand for the nine-month period ended 30 September 2021 and 30 September 2020 respectively. Dividend income depends on market conditions, investment activities of the Group and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 30 September 2021 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2021.

17 IMPACT OF COVID-19

On 11 March 2020, Covid-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. The Group will continue to closely monitor as the situation progresses and has activated its business continuity planning and other risk management practices to manage the potential business operations disruption and financial performance.

COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements.

Whilst it is challenging now, to predict the full extent and duration of its business and economic impact, the Group's management carried out an impact assessment on the overall Group's operation and business aspects including factors like supply chain, travel restrictions, oil prices, product demand, etc. and concluded that, as of the issuance date of these financial statements, no significant changes are required to the judgements and key estimates. However, in view of the current uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future years. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

Below are the key assumptions about the future and other key sources of estimation that may have a significant risk of causing a material adjustment to the financial statements:

a) Funding and liquidity

In response to the pandemic situation, the Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting the current economic scenarios. The Group believes that, as at 30 September 2021, liquidity position of the Group remains strong and its existing balances of cash and cash equivalents, along with undrawn facilities will be sufficient to satisfy its working capital needs, capital expenditures and other liquidity requirements as they fall due in the foreseeable future.

b) Provision for expected credit losses of trade receivables

The uncertainties caused by COVID-19 have required the Group to reassess the inputs and assumptions used for 30 September 2021. The Group has updated the relevant forward-looking information with respect to; the weightings of the relevant macroeconomic scenarios of the respective market in which it operates; significant increase in credit risk; and assessing the indicators of impairment for the exposures in potentially affected sectors.

In determining the recoverability of trade receivables, the Group considers any significant change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Since the majority of trade receivables are secured against bank guarantees or letters of credit, management believes that the allowance for ECL at the reporting date is appropriate.

c) Fair value of financial instruments

The Company has assessed the appropriateness of the existing valuation techniques in line with the volatile environment due to the current market conditions and has concluded that there is no material impact of COVID-19 other than changes to fair values which have been incorporated as at the year end.