

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

31 MARCH 2022

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 interim consolidated statement of financial position as at 31 March 2022 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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

28 April 2022

Sharjah, United Arab Emirates

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

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month period ended 31 March 2022 (unaudited)

	Notes	<i>Three month period ended 31 March</i>	
		2022 <i>AED'000</i>	<i>2021</i> <i>AED'000</i>
Revenue		148,911	137,064
Cost of sales		(165,619)	(132,233)
Gross (loss)/profit		(16,708)	4,831
Administrative and general expenses		(5,065)	(6,197)
Selling and distribution expenses		(1,606)	(1,803)
Investment Income	4	8,658	4,159
Finance expenses		(3,628)	(3,313)
Other income		781	820
LOSS FOR THE PERIOD		(17,568)	(1,503)
Loss attributable to:			
Equity holders of the parent		(17,568)	(1,503)
Earnings per share			
Basic and diluted earnings per share	13	(0.029)	(0.002)

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three month period ended 31 March 2022 (unaudited)

		<i>Three month period ended 31 March</i>	
	<i>Notes</i>	2022 AED'000	2021 AED'000
Loss for the period		(17,568)	(1,503)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Investments carried at FVOCI – net change in fair value	6.1	13,909	3,597
<i>Items that may be reclassified to profit or loss:</i>			
Change in fair value of interest rate swap	6.1	374	436
Other comprehensive income for the period		14,283	4,033
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD		(3,285)	2,530
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent		(3,285)	2,530

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

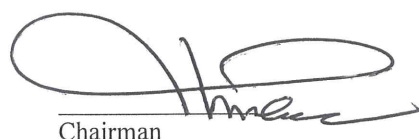
Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022 (unaudited)

		<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
	<i>Notes</i>			
Non-current assets				
Property, plant and equipment		903,863	917,023	955,967
Investment properties	7	248,645	250,849	257,460
Investments carried at FVTOCI	6.1	180,309	164,563	131,048
		1,332,817	1,332,435	1,344,475
Current assets				
Inventories		251,294	220,003	189,853
Trade and other receivables		206,424	185,431	202,818
Investments carried at FVTPL	6.2	39,018	33,660	25,889
Cash in hand and at bank	8	24,613	13,795	27,946
Asset held for sale	5	47,293	47,293	45,016
		568,642	500,182	491,522
TOTAL ASSETS		1,901,459	1,832,617	1,835,997
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	33,047	18,764	(8,281)
Retained earnings		113,321	130,889	162,694
		1,315,086	1,318,371	1,323,131
Non-current liabilities				
Long term borrowings	9	99,187	113,876	168,617
Provision for staff terminal benefits		28,323	27,955	27,609
		127,510	141,831	196,226
Current liabilities				
Trade and other payables		117,106	106,394	88,616
Short term borrowings	9	341,757	266,021	228,024
		458,863	372,415	316,640
Total liabilities		586,373	514,246	512,866
TOTAL EQUITY AND LIABILITIES		1,901,459	1,832,617	1,835,997

The condensed consolidated interim financial statements was approved by the Board of Directors, and authorised for issue on 28.04.2022 and signed on their behalf by:


Chairman


Chief Executive

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the three month period ended 31 March 2022 (unaudited)

		<i>Three month period ended 31 March</i>	
		2022	2021
		AED'000	AED'000
	Note		
OPERATING ACTIVITIES:			
Loss for the period		(17,568)	(1,503)
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment		17,600	17,244
Depreciation on investment properties		2,204	2,204
Provision for staff terminal benefits		559	508
Provision for inventory (net off)		-	(2,000)
Gain on disposal of property, plant and equipment		(33)	-
Rental income from investment properties		(2,756)	(1,066)
Gain on change in fair value of investments carried at FVTPL	4	(5,672)	(2,820)
Realised loss on disposal of investments carried at FVTPL	4	269	306
Dividend income	4	(3,159)	(2,845)
Finance expense		3,628	3,313
		(4,928)	13,341
<i>Working capital adjustments:</i>			
Inventories		(31,291)	48,837
Trade and other receivables		(20,993)	(19,075)
Trade and other payables		11,085	(8,437)
		(46,127)	34,666
Staff terminal benefits paid		(190)	(352)
		(46,317)	34,314
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(4,440)	(2,568)
Gain on disposal of property, plant and equipment		33	-
Purchase of investments carried at FVTOCI	6.1	(1,837)	(1,837)
Dividend income	4	3,159	2,845
Rental income from investment properties		2,756	1,066
Purchase of investment carried at FVTPL	6.2	(1,706)	(1,707)
Proceed from disposal of investments carried at FVTPL	6.2	1,751	983
		(284)	(1,218)
FINANCING ACTIVITIES			
Repayment of long term bank loans		(14,689)	(14,689)
Net movement in short term borrowings		75,736	(13,791)
Interest paid		(3,628)	(3,313)
		57,419	(31,793)
NET INCREASE IN CASH AND CASH EQUIVALENTS		10,818	1,303
Cash and cash equivalents at the beginning of the period		13,795	26,643
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		24,613	27,946
<i>Represented by:</i>			
Cash in hand and at bank		24,613	27,946

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended 31 March 2022 (unaudited)

	<i>Share capital AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Proposed dividend AED '000</i>	<i>Fair value reserve AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total AED '000</i>
Balance at 1 January 2022 (audited)	608,254	334,091	226,373	-	18,764	130,889	1,318,371
Total comprehensive loss for the period	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	(17,568)	(17,568)
Other comprehensive income for the period	-	-	-	-	14,283	-	14,283
Total comprehensive loss for the period	-	-	-	-	14,283	(17,568)	(3,285)
Balance at 31 March 2022	608,254	334,091	226,373	-	33,047	113,321	1,315,086

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the three month period ended 31 March 2022 (unaudited)

	<i>Attributable to the equity holders of the parent</i>					<i>Total</i> <i>AED '000</i>
	<i>Share capital</i> <i>AED '000</i>	<i>Statutory reserve</i> <i>AED '000</i>	<i>General reserve</i> <i>AED '000</i>	<i>Fair value reserve</i> <i>AED '000</i>	<i>Retained earnings</i> <i>AED '000</i>	
Balance at 1 January 2021 (audited)	608,254	334,091	226,373	(12,314)	164,197	1,320,601
Total comprehensive income for the period (unaudited)						
Loss for the period	-	-	-	-	(1,503)	(1,503)
Other comprehensive income for the period	-	-	-	4,033	-	4,033
Total comprehensive income for the period	-	-	-	4,033	(1,503)	2,530
Balance at 31 March 2021	608,254	334,091	226,373	(8,281)	162,694	1,323,131

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

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 is listed on Abu Dhabi Securities Market.

The condensed consolidated interim financial statements (‘interim financial statements’) as at and for the three month period ended 31 March 2022 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.

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 2021 (‘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 three months ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

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.

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.

2 BASIS OF PREPARATION (continued)

Measurement of fair values (continued)

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 2021.

2.1 BASIS OF CONSOLIDATION

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

<i>Subsidiary</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ownership</i>	
			2022	2021
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 31 March 2022.

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

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 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 2021 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.

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 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.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

4 INVESTMENT INCOME

	<i>Three month period ended 31 March</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Gain on change of fair value of investments carried at FVTPL (refer note 6.2)	5,672	2,820
Realized loss on disposal of investments carried at FVTPL (refer note 6.2)	(269)	(306)
Operating income/(loss) from investment properties	552	(1,138)
Dividend income	3,159	2,845
Others	(456)	(62)
	8,658	4,159

5 ASSET HELD FOR SALE

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
Opening balance	47,293	45,016	45,016
Additions made during the year -refer note (i)	-	2,277	-
Closing balance	47,293	47,293	45,016

- (i) During the year 2021, company paid an amount of AED 2.3 million towards subscription of 858,231 equity shares of AIPL. Allotment of shares was completed in 2021 and the formalities of dematerialization of shares was completed as on 31st March 2022.
- (ii) 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.
- (iii) 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.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

6 INVESTMENTS

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
<i>Investments carried at FVTOCI</i>			
Investment in quoted securities	149,470	135,561	104,207
Investment in unquoted securities	30,839	29,002	26,841
(i) - refer note 6.1	180,309	164,563	131,048
<i>Investments carried at FVTPL</i>			
Investment in quoted securities - refer note 6.2	39,018	33,660	25,889
(ii)	39,018	33,660	25,889
(i) + (ii)	219,327	198,223	156,937
	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
<i>Quoted:</i>			
UAE	154,407	138,139	105,400
Outside UAE	34,081	31,082	24,695
<i>Unquoted:</i>			
UAE	1,972	1,972	2,027
Outside UAE	28,867	27,030	24,815
	219,327	198,223	156,937

6.1 Investments carried at FVTOCI

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
Opening balance	164,563	125,614	125,614
Purchase during the period/year	1,837	10,997	1,837
Change in fair value	13,909	30,104	3,597
Disposals during the period/ year	-	(2,152)	-
Closing balance	180,309	164,563	131,048

Cumulative changes in fair value of investments carried at FVTOCI

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
Opening balance	19,350	(10,260)	(10,260)
Change in fair value during the period/year	13,909	30,104	3,597
Less: transferred to retained earnings upon disposal	-	(494)	-
Closing balance (i)	33,259	19,350	(6,663)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

6 INVESTMENTS (continued)

6.1 Investments carried at FVTOCI (continued)

Change in fair value of interest rate swap

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
Opening balance	(586)	(2,054)	(2,054)
Change in fair value during the period/year	374	1,468	436
Closing balance (ii)	<u>(212)</u>	<u>(586)</u>	<u>(1,618)</u>
Fair value reserve as on (i) + (ii)	<u>33,047</u>	<u>18,764</u>	<u>(8,281)</u>

6.2 Investments carried at FVTPL

Movement during the period/ year is as follows:

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
Opening balance	33,660	22,651	22,651
Purchase during the period/year	1,706	11,010	1,707
Change in fair value (refer note 4)	5,672	4,965	2,820
Loss on disposal of investments carried at FVTPL (refer note 4)	(269)	(199)	(306)
Disposals during the period/ year	(1,751)	(4,767)	(983)
Closing balance	<u>39,018</u>	<u>33,660</u>	<u>25,889</u>

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:

	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
<i>At 31 March 2022</i>				
Investments carried at FVTOCI	149,470	-	30,839	180,309
Investments carried at FVTPL	39,018	-	-	39,018
	<u>188,488</u>	<u>-</u>	<u>30,839</u>	<u>219,327</u>
<i>At 31 December 2021</i>				
Investments carried at FVTOCI	135,561	-	29,002	164,563
Investments carried at FVTPL	33,660	-	-	33,660
	<u>169,221</u>	<u>-</u>	<u>29,002</u>	<u>198,223</u>

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

7 INVESTMENT PROPERTIES

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
Lands	96,019	96,019	96,019
Buildings	152,626	154,830	161,441
Total	248,645	250,849	257,460

Investment properties are accounted for using the cost model. The fair value of the investment properties as at 31 December 2021 has been arrived on the basis of a 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 2021 was AED 397 million.

8 CASH IN HAND AND AT BANK

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
Cash in hand and at bank	24,613	13,795	27,946

Cash in hand and at bank includes AED 0.69 million (31 December 2021: AED 1.6 million and 31 March 2021: AED 3.21 million) held outside UAE.

9 BANK BORROWINGS

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
<i>Long term borrowings:</i>			
Term loans	157,943	172,632	227,373
Less: short term portion of term loans	(58,756)	(58,756)	(58,756)
Long term portion of loan	99,187	113,876	168,617
<i>Short term borrowings:</i>			
Short term loans	283,001	207,265	169,268
Current portion of term loans	58,756	58,756	58,756
	341,757	266,021	228,024

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

9 BANK BORROWINGS (Continued)

- (i) All facilities bear interest rates at prevailing market rates.
- (ii) Bank borrowings are secured by:
- Demand promissory note for AED 266 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 Paari Paasu basis.
 - Commercial mortgage over financed captive power plant for an amount of AED 145 million (Non-Notarized) and 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 2021, the Group had complied with the financial covenants as specified in the facility letters with the banks.

10 SHARE CAPITAL

	<i>31 March 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>31 March 2021 AED'000 (Unaudited)</i>
<i>Authorised, issued and paid up</i> 608,253,747 shares of AED 1 each	<u><u>608,254</u></u>	<u><u>608,254</u></u>	<u><u>608,254</u></u>

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 31 March 2022, calculated as follows:

	<i>Three month period ended 31 March</i>	
	<i>2022</i>	<i>2021</i>
Earnings per share		
Net loss for the period (AED'000)	<u><u>(17,568)</u></u>	<u><u>(1,503)</u></u>
Weighted average number of shares ('000)	<u><u>608,254</u></u>	<u><u>608,254</u></u>
Basic and diluted loss per share (AED)	<u><u>(0.029)</u></u>	<u><u>(0.002)</u></u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

14 CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 March 2022, the Group has issued guarantees relating to performance bonds amounting to AED 2.2 million (31 December 2021: AED 1.7 million), from which it is anticipated that no material liabilities will arise.

Estimated capital expenditure commitment at the reporting date amounted to AED 26.4 million (31 December 2021: AED 16.3 million).

The Group also has commitments of AED 13.6 million (31 December 2021: AED 4.5 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.

	<i>31 March 2022 AED'000</i>	<i>31 March 2021 AED'000</i>
<i>Manufacturing</i>		
Sales	148,911	137,064
Cost of sales	(165,619)	(132,233)
Gross (loss)/profit	(16,708)	4,831
Miscellaneous expenses	763	830
Expenses	(3,690)	(3,647)
Net segment results	(19,635)	2,014
<i>Investment</i>		
	<i>31 March 2022 AED'000</i>	<i>31 March 2021 AED'000</i>
Income from investment in private and public equities and funds	8,106	5,297
	8,106	5,297
Income from investment properties	2,756	1,066
Depreciation	(2,204)	(2,204)
	552	(1,138)
Net segment results	8,658	4,159
Finance costs	(3,628)	(3,313)
Unallocated income and expenses - Head office	(2,963)	(4,363)
Loss for the period	(17,568)	(1,503)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended 31 March 2022 (unaudited)

15 SEGMENT REPORTING (continued)

Other information

	31 March 2022			31 December 2021		
	<i>Manufacturing AED'000</i>	<i>Investment AED'000</i>	<i>Total AED'000</i>	<i>Manufacturing AED'000</i>	<i>Investment AED'000</i>	<i>Total AED'000</i>
Segment assets	1,386,061	515,398	1,901,459	1,336,037	496,580	1,832,617
Segment liabilities	585,467	906	586,373	513,843	403	514,246
Depreciation	17,600	2,204	19,804	69,777	8,815	78,592
Capital expenditure	4,460	1,837	6,297	16,157	13,274	29,431

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 31 March 2022 and 31 March 2021.

	31 March 2022			31 March 2021		
	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Revenue	120,609	28,302	148,911	107,299	29,765	137,064
Investment income	5,516	3,142	8,658	2,390	1,769	4,159

	31 March 2022			31 December 2021		
	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>	<i>Domestic AED'000</i>	<i>International AED'000</i>	<i>Total AED'000</i>
Assets	1,767,407	134,052	1,901,459	1,705,809	126,808	1,832,617
Liabilities	502,678	83,695	586,373	402,749	111,497	514,246
Capital expenditure	4,460	1,837	6,297	25,132	4,299	29,431

16 SEASONALITY OF RESULTS

Dividend income amounted to AED 3,159 thousand and AED 2,845 thousand for the three-month periods ended 31 March 2022 and 31 March 2021 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 31 March 2022 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 2022.

17 IMPACT OF COVID-19

On 11 March 2020, Covid-19 was declared as pandemic by the World Health Organization and several variants of the virus are mutating continuously causing disruptions to businesses and economic activities. 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 in 2022. 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 31 March 2022, 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 Company to reassess the inputs and assumptions used for 31 March 2022. The Company 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 Company 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.

18 SUBSEQUENT EVENTS

Subsequent to the year end, Shareholders at the Annual General Meeting held on 5th April 2022, have resolved not to distribute any dividends to shareholders and not to allocate remuneration to Board members for the financial year 2021.