

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

**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

30 JUNE 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 condensed consolidated interim statement of financial position as at 30 June 2022 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim statement of changes in equity and cash flows for the six-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 July 2022

Sharjah, United Arab Emirates

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

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month and six month periods ended 30 June 2022 (unaudited)

	Notes	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
		<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Revenue	15	151,735	118,280	300,646	255,344
Cost of sales	15	(147,588)	(115,339)	(313,207)	(247,572)
Gross profit/(loss)		4,147	2,941	(12,561)	7,772
Administrative and general expenses		(5,481)	(4,305)	(10,546)	(10,502)
Selling and distribution expenses		(1,909)	(1,613)	(3,515)	(3,416)
Investment income/(loss)	4	(3,050)	2,287	5,608	6,446
Finance expenses		(3,487)	(3,355)	(7,115)	(6,668)
Other income		1,321	637	2,102	1,457
Loss for the period		(8,459)	(3,408)	(26,027)	(4,911)
Loss attributable to:					
Equity holders of the parent		(8,459)	(3,408)	(26,027)	(4,911)
Earnings per share					
Basic loss per share (AED)	13	(0.014)	(0.006)	(0.043)	(0.008)

The attached notes 1 to 17 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 and six month periods ended 30 June 2022 (unaudited)

	<i>Notes</i>	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
		<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Loss for the period		(8,459)	(3,408)	(26,027)	(4,911)
Other comprehensive income for the period					
<i>Items that will not be reclassified to profit or loss:</i>					
Investments carried at FVTOCI - net change in fair value	6.1	(16,505)	6,910	(2,596)	10,507
<i>Items that may be reclassified to profit or loss:</i>					
Change in fair value of interest rate swap	6.1	(353)	288	21	724
Other comprehensive (loss)/income for the period		(16,858)	7,198	(2,575)	11,231
Total comprehensive (loss)/income for the period		(25,317)	3,790	(28,602)	6,320
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		(25,317)	3,790	(28,602)	6,320

The attached notes 1 to 17 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 30 June 2022 (unaudited)

		<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
	<i>Notes</i>			
Assets				
Non-current assets				
Property, plant and equipment		901,105	917,023	942,891
Investment properties	7	246,441	250,849	255,256
Investments carried at FVTOCI	6	164,080	164,563	137,824
		<u>1,311,626</u>	<u>1,332,435</u>	<u>1,335,971</u>
Current assets				
Inventories		246,436	220,003	190,810
Trade and other receivables		232,272	185,431	181,982
Investments carried at FVTPL	6	32,644	33,660	26,586
Cash in hand and at bank	8	16,828	13,795	22,627
Assets held for sale	5	47,293	47,293	45,016
		<u>575,473</u>	<u>500,182</u>	<u>467,021</u>
TOTAL ASSETS		<u><u>1,887,099</u></u>	<u><u>1,832,617</u></u>	<u><u>1,802,992</u></u>
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	16,662	18,764	(1,083)
Retained earnings		104,389	130,889	159,286
		<u>1,289,769</u>	<u>1,318,371</u>	<u>1,326,921</u>
Non-current liabilities				
Long term borrowings	9	84,498	113,876	143,253
Provision for staff terminal benefits		28,541	27,955	27,498
		<u>113,039</u>	<u>141,831</u>	<u>170,751</u>
Current liabilities				
Trade and other payables		132,772	106,394	105,718
Short term borrowings	9	351,519	266,021	199,602
		<u>484,291</u>	<u>372,415</u>	<u>305,320</u>
Total liabilities		<u>597,330</u>	<u>514,246</u>	<u>476,071</u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,887,099</u></u>	<u><u>1,832,617</u></u>	<u><u>1,802,992</u></u>

The condensed consolidated interim financial statements was approved by the Board of Directors, and authorised for issue on 28 July 2022 and signed on their behalf by:


Chairman


Chief Executive

The attached notes 1 to 17 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 six month period ended 30 June 2022 (unaudited)

		<i>Six month period ended 30 June</i>	
		2022	2021
	<i>Notes</i>	AED'000	AED'000
OPERATING ACTIVITIES:			
Loss for the period		(26,027)	(4,911)
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment		35,246	34,678
Depreciation on investment properties		4,408	4,408
Provision for staff terminal benefits		1,211	1,086
Gain on disposal of property, plant and equipment		(37)	(3)
Provision for inventory (net off)		(6,628)	(2,000)
Realised loss on disposal of investments carried at FVTPL	4	2,240	274
Gain on change in fair value of investments carried at FVTPL	4	(2,788)	(4,648)
Rental income from investment properties		(4,641)	(2,256)
Dividend income	4	(4,882)	(3,995)
Interest expense		7,115	6,668
		5,217	29,301
<i>Changes in working capital:</i>			
Inventories		(19,805)	47,880
Trade and other receivables		(46,841)	1,761
Trade and other payables		26,398	8,953
		(35,031)	87,895
Staff terminal benefits paid		(625)	(1,041)
Net cash (used in)/from operating activities		(35,656)	86,854
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (including advances)		(19,328)	(6,926)
Gain on disposal of property, plant and equipment		37	3
Purchase of investments carried at FVTOCI	6.1	(2,616)	(2,021)
Proceeds from disposal investments carried at FVTOCI		503	318
Dividend income	4	4,882	3,995
Rental income from investment properties		4,641	2,256
Purchase of investment carried at FVTPL	6.2	(2,497)	(2,622)
Proceeds from disposal of investments carried at FVTPL	6.2	4,061	3,061
Net cash used in investing activities		(10,317)	(1,936)
FINANCING ACTIVITIES			
Repayment of long term bank loans		(29,377)	(40,053)
Net movement in short term borrowings	9	85,498	(42,213)
Interest paid		(7,115)	(6,668)
Net cash from/(used in) financing activities		49,006	(88,934)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,033	(4,016)
Cash and cash equivalents at the beginning of the period		13,795	26,643
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	16,828	22,627
<i>Cash and cash equivalents comprise:</i>			
Cash in hand and at bank	8	16,828	22,627

The attached notes 1 to 17 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 six month period ended 30 June 2022 (unaudited)

	<i>Attributable to the equity holders of the parent</i>					
	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve 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
<i>Total comprehensive loss for the period (unaudited)</i>						
Loss for the period	-	-	-	-	(26,027)	(26,027)
Other comprehensive loss for the period	-	-	-	(2,575)	-	(2,575)
Total comprehensive loss for the period	-	-	-	(2,575)	(26,027)	(28,602)
<i>Other equity movement</i>						
Transfer of realised loss from fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 6.1)	-	-	-	473	(473)	-
Total other equity movement	-	-	-	473	(473)	-
Balance at 30 June 2022	608,254	334,091	226,373	16,662	104,389	1,289,769

The attached notes 1 to 17 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 six month period ended 30 June 2022 (unaudited)

	<i>Attributable to the equity holders of the parent</i>					
	<i>Share capital AED'000</i>	<i>Statutory reserve AED'000</i>	<i>General reserve 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 2021 (audited)	608,254	334,091	226,373	(12,314)	164,197	1,320,601
<i>Total comprehensive income/(loss) for the period (unaudited)</i>						
Loss for the period	-	-	-	-	(4,911)	(4,911)
Other comprehensive income for the period	-	-	-	11,231	-	11,231
Total comprehensive income/ (loss) for the period	-	-	-	11,231	(4,911)	6,320
Balance at 30 June 2021	608,254	334,091	226,373	(1,083)	159,286	1,326,921

The attached notes 1 to 17 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 six month period ended 30 June 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 six month period ended 30 June 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.

Federal Decree Law 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 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.

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 six months ended 30 June 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>	
			<i>2022</i>	<i>2021</i>
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 Company and its subsidiary as at 30 June 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.

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six month period ended 30 June 2022 (unaudited)

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 2021.

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.

4 INVESTMENT (LOSS)/INCOME

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
(Loss)/Gain on change of fair value of investments carried at FVTPL (refer note 6.2)	(2,884)	1,828	2,788	4,648
Realized (loss)/ gain on disposal of investments carried at FVTPL (refer note 6.2)	(1,971)	32	(2,240)	(274)
Operating gain/(loss) from investment properties	(319)	(1,014)	233	(2,152)
Dividend income	1,723	1,150	4,882	3,995
Others	401	291	(55)	229
	<u>(3,050)</u>	<u>2,287</u>	<u>5,608</u>	<u>6,446</u>

5 ASSET HELD FOR SALE

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 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	<u>47,293</u>	<u>47,293</u>	<u>45,016</u>

- (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 six month period ended 30 June 2022 (unaudited)

6 INVESTMENTS

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)	30 June 2021 AED'000 (Unaudited)
<i>Investments carried at FVTOCI</i>			
Investment in quoted securities - refer note 6.1	133,055	135,561	111,117
Investment in unquoted securities - refer note 6.1	31,025	29,002	26,707
(i) - refer note 6.1	164,080	164,563	137,824
<i>Investments carried at FVTPL</i>			
Investment in quoted securities - refer note 6.2	32,644	33,660	26,586
(ii)	32,644	33,660	26,586
(i) + (ii)	196,724	198,223	164,410
	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)	30 June 2021 AED'000 (Unaudited)
<i>Quoted:</i>			
UAE	136,373	138,139	112,337
Outside UAE	29,326	31,082	25,366
<i>Unquoted:</i>			
UAE	1,972	1,972	2,027
Outside UAE	29,053	27,030	24,680
	196,724	198,223	164,410

6.1 Investments carried at FVTOCI

	30 June 2022 AED'000 (Unaudited)	31 December 2021 AED'000 (Audited)	30 June 2021 AED'000 (Unaudited)
Opening balance	164,563	125,614	125,614
Purchase during the period/year	2,616	10,997	2,021
Change in fair value	(2,596)	30,104	10,507
Disposals during the period/ year	(503)	(2,152)	(318)
Closing balance	164,080	164,563	137,824

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 For the six month period ended 30 June 2022 (unaudited)

6 INVESTMENTS (continued)

6.1 Investments carried at FVTOCI (continued)

Cumulative changes in fair value of investments carried at FVTOCI

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
Opening balance	19,350	(10,260)	(10,260)
Change in fair value during the period/year	(2,596)	30,104	10,507
Less: transferred to retained earnings upon disposal	473	(494)	-
Closing balance (i)	17,227	19,350	247

Change in fair value of interest rate swap

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
Opening balance	(586)	(2,054)	(2,054)
Change in fair value during the period/year	21	1,468	724
Closing balance (ii)	(565)	(586)	(1,330)
Fair value reserve as on (i) + (ii)	16,662	18,764	(1,083)

6.2 Investments carried at FVTPL

Movement during the period/ year is as follows:

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
Opening balance	33,660	22,651	22,651
Purchase during the period/year	2,497	11,010	2,622
Change in fair value (note 4)	2,788	4,965	4,648
Gain on disposal of investments carried at FVTPL (note 4)	(2,240)	(199)	(274)
Disposals during the period/year	(4,061)	(4,767)	(3,061)
Closing balance	32,644	33,660	26,586

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
 NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 For the six month period ended 30 June 2022 (unaudited)

6 INVESTMENTS (continued)

6.2 Investments carried at FVTPL (continued)

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>At 30 June 2022</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Investments carried at FVTOCI	133,055	-	31,025	164,080
Investments carried at FVTPL	32,644	-	-	32,644
	165,699	-	31,025	196,724

<i>At 31 December 2021</i>	<i>Level 1 AED'000</i>	<i>Level 2 AED'000</i>	<i>Level 3 AED'000</i>	<i>Total AED'000</i>
Investments carried at FVTOCI	135,561	-	29,002	164,563
Investments carried at FVTPL	33,660	-	-	33,660
	169,221	-	29,002	198,223

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

7 INVESTMENT PROPERTIES

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
Lands	96,019	96,019	96,019
Buildings	150,422	154,830	159,237
Total	246,441	250,849	255,256

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

8 CASH IN HAND AND AT BANK

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
Cash in hand and at bank	16,828	13,795	22,627

Cash in hand and at bank includes AED 0.65 million (31 December 2021: AED 1.6 million and 30 June 2021: AED 5.9 million) held outside UAE.

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9 BANK BORROWINGS

	<i>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
<i>Long term borrowings:</i>			
Term loans	143,254	172,632	202,009
Less: short term portion of term loans	(58,756)	(58,756)	(58,756)
	<u>84,498</u>	<u>113,876</u>	<u>143,253</u>
<i>Short term borrowings:</i>			
Short term loans	292,763	207,265	140,846
Current portion of term loans	58,756	58,756	58,756
	<u>351,519</u>	<u>266,021</u>	<u>199,602</u>

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

(ii) Bank borrowings are secured by:

- Demand promissory note for AED 296 million in favor of the banks 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.
- Registered pledge and assignment of insurance policy over waste heat recovery plant for an amount of AED 30 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>30 June 2022 AED'000 (Unaudited)</i>	<i>31 December 2021 AED'000 (Audited)</i>	<i>30 June 2021 AED'000 (Unaudited)</i>
<i>Authorised, issued and paid up</i> 608,253,747 shares of AED 1 each	<u>608,254</u>	<u>608,254</u>	<u>608,254</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.

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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 BASIC LOSS 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 June 2022, calculated as follows:

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Earnings per share				
Net Loss for the period	(8,459)	(3,408)	(26,027)	(4,911)
Weighted average number of shares outstanding ('000s)	608,254	608,254	608,254	608,254
Basic loss per share (AED)	(0.014)	(0.006)	(0.043)	(0.008)

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

14 CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2022, the Group has issued guarantees relating to performance bonds amounting to AED 2.7 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 19.1 million (31 December 2021: AED 26.4 million).

The Group also has commitments of AED 10.7 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.

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15 SEGMENT REPORTING (continued)

	<i>Three month period ended 30 June</i>		<i>Six month period ended 30 June</i>	
	<i>2022 AED'000</i>	<i>2021 AED'000</i>	<i>2022 AED'000</i>	<i>2021 AED'000</i>
Manufacturing				
Revenue	151,735	118,280	300,646	255,344
Cost of sales	(147,588)	(115,339)	(313,207)	(247,572)
Gross (loss)/profit	4,147	2,941	(12,561)	7,772
Miscellaneous expenses	1,333	654	2,096	1,484
Expenses	(4,222)	(3,516)	(7,912)	(7,163)
Net segment results	1,258	79	(18,377)	2,093
Investment				
Income from investment in private and public equities and funds	(2,731)	3,301	5,375	8,598
	(2,731)	3,301	5,375	8,598
Income from investment properties	1,885	1,190	4,641	2,256
Depreciation	(2,204)	(2,204)	(4,408)	(4,408)
	(319)	(1,014)	233	(2,152)
Net segment results	(3,050)	2,287	5,608	6,446
Finance costs	(3,487)	(3,355)	(7,115)	(6,668)
Unallocated income and expenses-Head office	(3,180)	(2,419)	(6,143)	(6,782)
Loss for the period	(8,459)	(3,408)	(26,027)	(4,911)

Other information

	<i>30 June 2022</i>			<i>31 December 2021</i>		
	<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	1,396,543	490,556	1,887,099	1,336,037	496,580	1,832,617
Segment liabilities	596,755	575	597,330	513,843	403	514,246
Depreciation	35,246	4,408	39,654	69,777	8,815	78,592
Capital expenditure	19,365	2,616	21,981	16,157	13,274	29,431

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15 SEGMENT REPORTING (continued)

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 30 June 2022 and 30 June 2021.

	30 June 2022			30 June 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	<u>234,452</u>	<u>66,194</u>	<u>300,646</u>	<u>196,786</u>	<u>58,558</u>	<u>255,344</u>
Investment income	<u>5,359</u>	<u>249</u>	<u>5,608</u>	<u>2,776</u>	<u>3,670</u>	<u>6,446</u>

	30 June 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	<u>1,753,175</u>	<u>133,924</u>	<u>1,887,099</u>	<u>1,705,809</u>	<u>126,808</u>	<u>1,832,617</u>
Liabilities	<u>509,034</u>	<u>88,296</u>	<u>597,330</u>	<u>402,749</u>	<u>111,497</u>	<u>514,246</u>
Capital expenditure	<u>19,868</u>	<u>2,113</u>	<u>21,981</u>	<u>25,132</u>	<u>4,299</u>	<u>29,431</u>

16 SEASONALITY OF RESULTS

Dividend income amounted to AED 4,882 thousand and AED 3,995 thousand for the six-month period ended 30 June 2022 and 30 June 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 30 June 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 RISK MANAGEMENT

COVID-19

The ongoing novel coronavirus (Covid-19) situation, including the government and public response to the challenges, continue to progress and evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorisation of these interim condensed financial statements.

The Group has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic.

Impact of geopolitical factors

The geopolitical situation in the eastern Europe intensified in February 2022 due to Russia's invasion of Ukraine. The situation on the ground continues to evolve as the military campaign progresses with a variety of economic sanctions imposed on Russia.

The war is catalytically affecting the global economic and financial markets and exacerbating the ongoing economic challenges promulgated by COVID-19, including inflation and global supply-chain disruption. Management is also aware of the political events and sanctions are continually varying across the globe. Although the Group has not experienced a direct impact of the abovementioned geopolitical events, management is diligently assessing the rapid developments on a frequent basis to evolve and align the future strategy and operations.

The extent and duration of the impact of these conditions remain uncertain and depend on future developments.

Notwithstanding, these developments above could impact the financial results, cash flows and financial position of the Group subsequent to the period end.