

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 2023 (UNAUDITED)

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Sharjah Cement and Industrial Development Co. (PJSC) (the “Company”) and its subsidiary (the “Group”), which comprise the interim condensed consolidated statement of financial position as at 30 September 2023 and the related interim condensed consolidated statements of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated 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 interim condensed consolidated 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 interim condensed consolidated 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

For Ernst & Young



Signed by:
Wardah Ebrahim
Partner
Registration No.: 1258

8 November 2023

Sharjah, United Arab Emirates

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the three-month and nine-month periods ended 30 September 2023 (unaudited)

	<i>Notes</i>	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		<i>2023 AED'000</i>	<i>2022 AED'000</i>	<i>2023 AED'000</i>	<i>2022 AED'000</i>
Revenue		157,086	167,623	458,354	468,269
Cost of sales		(149,735)	(164,099)	(449,425)	(477,306)
Gross profit		7,351	3,524	8,929	(9,037)
Administrative and general expenses		(4,513)	(5,030)	(14,433)	(15,576)
Selling and distribution expenses		(1,658)	(2,250)	(4,817)	(5,765)
Investment income/(loss)	4	2,225	(880)	9,398	4,728
Reversal of impairment loss on investment properties	7	-	-	12,305	-
Finance expenses		(8,972)	(4,186)	(23,845)	(11,301)
Other income/(loss)		(195)	274	845	2,376
Loss for the period		(5,762)	(8,548)	(11,618)	(34,575)
Loss attributable to:					
Equity holders of the parent		(5,762)	(8,548)	(11,618)	(34,575)
Earnings per share					
Basic and diluted loss per share	13	(0.009)	(0.014)	(0.019)	(0.057)

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

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the three-month and nine-month periods ended 30 September 2023 (unaudited)

	<i>Notes</i>	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
		<i>2023 AED'000</i>	<i>2022 AED'000</i>	<i>2023 AED'000</i>	<i>2022 AED'000</i>
Loss for the period		(5,762)	(8,548)	(11,618)	(34,575)
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	14,796	9,189	16,602	6,593
<i>Items that may be reclassified to profit or loss:</i>					
Change in fair value of interest rate swap	6.1	96	(83)	479	(62)
Other comprehensive income for the period		14,892	9,106	17,081	6,531
Total comprehensive income/(loss) for the period		9,130	558	5,463	(28,044)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		9,130	558	5,463	(28,044)

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

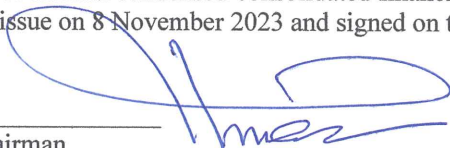
Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION**

As at 30 September 2023 (unaudited)

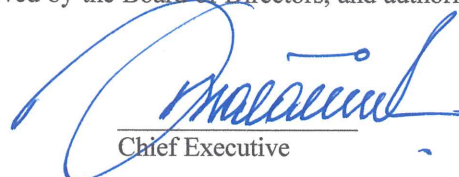
	Notes	30 September 2023 AED'000 (Unaudited)	31 December 2022 AED'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment		886,290	910,100
Investment properties	7	248,744	242,328
Investments carried at FVTOCI	6	152,237	134,429
		<u>1,287,271</u>	<u>1,286,857</u>
Current assets			
Inventories		356,700	290,895
Trade and other receivables		216,943	240,306
Investments carried at FVTPL	6	32,435	30,105
Cash in hand and at bank	8	21,746	13,094
		<u>627,824</u>	<u>574,400</u>
Assets held for sale	5	47,293	47,293
		<u>675,117</u>	<u>621,693</u>
Total assets		<u><u>1,962,388</u></u>	<u><u>1,908,550</u></u>
Equity and liabilities			
Share capital	10	608,254	608,254
Statutory reserve	11	334,091	334,091
General reserve	12	226,373	226,373
Fair value reserve	6	21,782	2,931
Retained earnings		88,730	102,118
		<u>1,279,230</u>	<u>1,273,767</u>
Non-current liabilities			
Long term borrowings	9	90,978	94,931
Provision for staff terminal benefits		31,835	31,100
		<u>122,813</u>	<u>126,031</u>
Current liabilities			
Trade and other payables		177,672	188,274
Short term borrowings	9	382,673	320,478
		<u>560,345</u>	<u>508,752</u>
Total liabilities		<u>683,158</u>	<u>634,783</u>
Total equity and liabilities		<u><u>1,962,388</u></u>	<u><u>1,908,550</u></u>

These interim condensed consolidated financial statements was approved by the Board of Directors, and authorised for issue on 8 November 2023 and signed on their behalf by:

Chairman



Chief Executive



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

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2023 (unaudited)

		<i>Nine-month period ended 30 September</i>	
		2023	2022
		AED'000	AED'000
	<i>Notes</i>		
OPERATING ACTIVITIES:			
Loss for the period		(11,618)	(34,575)
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment		55,991	52,972
Depreciation on investment properties		5,889	6,558
Provision for staff terminal benefits		1,512	3,456
Gain on disposal of property, plant and equipment		(42)	-
Provision for inventory (net off)		(560)	(6,628)
Reversal of impairment loss on investment properties		(12,305)	-
Realised (gain)/loss on disposal of investments carried at FVTPL	4	(115)	2,422
Gain on change in fair value of investments carried at FVTPL	4	(2,803)	(1,915)
Rental income from investment properties		(7,485)	(6,442)
Dividend income	4	(4,715)	(4,964)
Interest expense		23,845	11,301
		47,594	22,185
<i>Changes in working capital:</i>			
Inventories		(65,245)	(62,520)
Trade and other receivables		23,363	(66,191)
Trade and other payables		(11,808)	109,133
		(6,096)	2,607
Staff terminal benefits paid		(777)	(706)
Net cash (used in)/generated from operating activities		(6,873)	1,901
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (including advances)		(32,333)	(44,417)
Proceeds from disposal of property, plant and equipment		194	-
Purchase of investments carried at FVTOCI	6.1	(2,976)	(2,616)
Proceeds from disposal investments carried at FVTOCI	6.1	1,770	748
Dividend income	4	4,715	4,964
Rental income from investment properties		7,485	6,442
Purchase of investment carried at FVTPL	6.2	(563)	(4,231)
Proceeds from disposal of investments carried at FVTPL	6.2	1,151	4,654
Net cash used in investing activities		(20,557)	(34,456)
FINANCING ACTIVITIES			
Repayment of long term bank loans		(42,001)	(44,067)
Long term bank loans availed		15,000	30,000
Net movement in short term borrowings	9	85,243	66,479
Interest paid		(22,160)	(9,387)
Net cash from financing activities		36,082	43,025
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,652	10,470
Cash and cash equivalents at the beginning of the period		13,094	13,795
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8	21,746	24,265

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2023 (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>	
As at 1 January 2023 (audited)	608,254	334,091	226,373	2,931	102,118	1,273,767
Loss for the period	-	-	-	-	(11,618)	(11,618)
Other comprehensive income for the period	-	-	-	17,081	-	17,081
Total comprehensive income for the period	-	-	-	17,081	(11,618)	5,463
Transfer of realised loss from fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 6.1)	-	-	-	1,770	(1,770)	-
Total other equity movement	-	-	-	1,770	(1,770)	-
At 30 September 2023 (unaudited)	608,254	334,091	226,373	21,782	88,730	1,279,230
As at 1 January 2022 (audited)	608,254	334,091	226,373	18,764	130,889	1,318,371
Loss for the period	-	-	-	-	(34,575)	(34,575)
Other comprehensive profit for the period	-	-	-	6,531	-	6,531
Total comprehensive loss for the period	-	-	-	6,531	(34,575)	(28,044)
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)	-
At 30 September 2022 (unaudited)	608,254	334,091	226,373	25,768	95,841	1,290,327

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2023 (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 interim condensed consolidated financial statements (“interim financial statements”) as at and for the nine month period ended 30 September 2023 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 also has investments in 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 2022 (“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 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

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.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2023 (unaudited)

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 2022.

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>	
			2023	2022
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 2023.

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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2023 (unaudited)

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations and amendments adopted by the Group

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

4 INVESTMENT INCOME / (LOSS)

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023 AED'000</i>	<i>2022 AED'000</i>	<i>2023 AED'000</i>	<i>2022 AED'000</i>
Gain/(loss) on change of fair value of investments carried at FVTPL (refer note 6.2)	1,722	(873)	2,803	1,915
Realized gain/(loss) on disposal of investments carried at FVTPL (refer note 6.2)	-	(182)	115	(2,422)
Operating gain/(loss) from investment properties	466	(349)	1,596	(116)
Dividend income	37	82	4,715	4,964
Others	-	442	169	387
	2,225	(880)	9,398	4,728

5 ASSET HELD FOR SALE

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Opening balance	47,293	47,293
Closing balance	47,293	47,293

- This represents 35.5% shareholding of Autoline Industrial Park Limited ("AIPL") in India which holds industrial plots of land in Maharashtra, India.
- The Board of Directors of AIPL has approved the sale of AIPL and has signed a Memorandum of Understanding with a buyer who is in the process of completing legal and financial due diligence. The Board of Directors of the Group also approved the sale of its shareholding in AIPL. The Group has signed a memorandum of understanding to sell its shareholding in AIPL to this buyer and received an advance amount of INR 147 million. The Group expects to receive the sale consideration over the next 12 to 15 months.
- Management is of the view that the fair value less cost to sell is expected to be higher than the carrying value.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2023 (unaudited)

6 INVESTMENTS

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<i>Investments carried at FVTOCI</i>		
Investment in quoted securities - refer note 6.1	120,952	106,120
Investment in unquoted securities – refer note 6.1	31,285	28,309
(i) - refer note 6.1	152,237	134,429
<i>Investments carried at FVTPL</i>		
Investment in quoted securities - refer note 6.2	32,435	30,105
(ii)	32,435	30,105
(i) + (ii)	184,672	164,534

The geographical spread of the above investments is as follows:

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<i>Quoted:</i>		
UAE	124,351	108,545
Outside UAE	29,036	27,680
	153,387	136,225
<i>Unquoted:</i>		
UAE	1,673	1,673
Outside UAE	29,612	26,636
	31,285	28,309
	184,672	164,534

6.1 Investments carried at FVTOCI

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Opening balance	134,429	164,563
Purchase during the period/year	2,976	5,120
Change in fair value	16,602	(5,105)
Disposals during the period/ year	(1,770)	(30,149)
Closing balance	152,237	134,429

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2023 (unaudited)

6 INVESTMENTS (continued)

6.1 Investments carried at FVTOCI (continued)

Cumulative changes in fair value of investments carried at FVTOCI

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Opening balance	3,410	19,350
Change in fair value during the period/year	16,602	(5,105)
Less: transferred to retained earnings upon disposal	1,770	(10,835)
	<u>21,782</u>	<u>3,410</u>

Change in fair value of interest rate swap

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Opening balance	(479)	(586)
Change in fair value during the period/year	479	107
	<u>-</u>	<u>(479)</u>
Fair value reserve as on (i) + (ii)	<u>21,782</u>	<u>2,931</u>

6.2 Investments carried at FVTPL

Movement during the period/ year is as follows:

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Opening balance	30,105	33,660
Purchase during the period/year	563	5,993
Change in fair value (note 4)	2,803	1,078
Gain/(loss) on disposal of investments carried at FVTPL (note 4)	115	(1,850)
Disposals during the period/year	(1,151)	(8,776)
	<u>32,435</u>	<u>30,105</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended 30 September 2023 (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>Level 1</i> <i>AED'000</i>	<i>Level 2</i> <i>AED'000</i>	<i>Level 3</i> <i>AED'000</i>	<i>Total</i> <i>AED'000</i>
<i>At 30 September 2023</i>				
Investments carried at FVTOCI	120,952	-	31,285	152,237
Investments carried at FVTPL	32,435	-	-	32,435
	<u>153,387</u>	<u>-</u>	<u>31,285</u>	<u>184,672</u>
<i>At 31 December 2022</i>				
Investments carried at FVTOCI	106,120	-	28,309	134,429
Investments carried at FVTPL	30,105	-	-	30,105
	<u>136,225</u>	<u>-</u>	<u>28,309</u>	<u>164,534</u>

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

7 INVESTMENT PROPERTIES

	<i>30 September</i> <i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2022</i> <i>AED'000</i> <i>(Audited)</i>
<u>Cost:</u>		
Lands	96,767	96,767
Buildings	226,197	226,197
	<u>322,964</u>	<u>322,964</u>
<u>Depreciation and impairment:</u>		
Accumulated depreciation	(68,200)	(62,311)
Impairment (i)	(6,020)	(18,325)
	<u>248,744</u>	<u>242,328</u>

(i) Movement in impairment on investment properties is as follow;

	<i>30 September</i> <i>2023</i> <i>AED'000</i> <i>(Unaudited)</i>	<i>31 December</i> <i>2022</i> <i>AED'000</i> <i>(Audited)</i>
Balance as of 1 January	18,325	18,325
Reversal during the period / year	(12,305)	-
	<u>6,020</u>	<u>18,325</u>

Investment properties are accounted for using the cost model. The fair value of the investment properties as at 30 June 2023 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. Fair value of the Company's investment properties is based on unobservable inputs (i.e. Level 3).

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7 INVESTMENT PROPERTIES (continued)

The fair value of the entire portfolio of investment properties as at 30 June 2023 was AED 421 million (31 December 2022: AED 409 million). Based on the valuation of the properties, during the period ended 30 June 2023 the Group has reversed a previously recorded impairment of AED 12,305 thousand.

8 CASH IN HAND AND AT BANK

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
Cash in hand and at bank	<u>21,746</u>	<u>13,094</u>

Cash in hand and at bank includes AED 0.6 million (31 December 2022: AED 1.6 million and 30 September 2022: AED 0.2 million) held outside UAE.

9 BANK BORROWINGS

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<i>Long term borrowings:</i>		
Term loans	116,874	143,875
Less: short term portion of term loans	(25,896)	(48,944)
	<u>90,978</u>	<u>94,931</u>
<i>Short term borrowings:</i>		
Short term loans	356,777	271,534
Current portion of term loans	25,896	48,944
	<u>382,673</u>	<u>320,478</u>
	<u>473,651</u>	<u>415,409</u>

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

(ii) Bank borrowings are secured by:

- Demand promissory note for AED 256 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 pari-passu basis.
- Registered pledge and assignment of insurance policy over captive power plant for an amount of AED 100 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 borrowing agreements contain various restrictive covenants and require the Group to maintain certain minimum amounts of working capital, equity and financial ratios. Testing for compliance with the financial covenants is done annually on 31 December. These covenants were met by the Group as at 31 December 2022 except for the covenants of one bank, where the bank has waived the covenant testing till 31 December 2023.

(iv) The Group has unused credit facilities of AED 152 million as at 30 September 2023 (31 December 2022: AED 180 million).

(v) During the period Group has availed a term loan facility of AED 100 million from one of the banks in UAE. The loan is secured via pledge and assignment of insurance policy over captive power plant.

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10 SHARE CAPITAL

	<i>30 September 2023 AED'000 (Unaudited)</i>	<i>31 December 2022 AED'000 (Audited)</i>
<i>Authorised, issued and paid up</i> 608,253,747 shares of AED 1 each	608,254	608,254

11 STATUTORY RESERVE

In accordance with the requirements of UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, a minimum of 10% of the net profit of the Group 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 EARNING 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 2023, calculated as follows:

	<i>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023 AED'000</i>	<i>2022 AED'000</i>	<i>2023 AED'000</i>	<i>2022 AED'000</i>
Earnings per share				
Net loss for the period	(5,762)	(8,548)	(11,618)	(34,575)
Weighted average number of shares outstanding ('000s)	608,254	608,254	608,254	608,254
Basic loss per share (AED)	(0.009)	(0.014)	(0.019)	(0.057)

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 September 2023, the Group has issued guarantees relating to performance bonds amounting to AED 1.2 million (31 December 2022: AED 1.9 million), from which it is anticipated that no material liabilities will arise.

The group has commitments towards letter of credit at the reporting date amounted to AED 2.4 million (31 December 2022: AED 15.2 million). Estimated capital expenditure commitment at the reporting date amounted to AED 2.6 million (31 December 2022: AED 7.4 million). The Group also has commitments of AED 5.4 million (31 December 2022: AED 8.2 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.

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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>Three-month period ended 30 September</i>		<i>Nine-month period ended 30 September</i>	
	<i>2023 AED'000</i>	<i>2022 AED'000</i>	<i>2023 AED'000</i>	<i>2022 AED'000</i>
<i>Manufacturing</i>				
Revenue	157,086	167,623	458,354	468,269
Cost of sales	(149,735)	(164,099)	(449,425)	(477,306)
Gross profit/(loss)	7,351	3,524	8,929	(9,037)
Miscellaneous income/(loss)	(198)	264	821	2,360
Expenses	(4,085)	(4,522)	(11,898)	(12,434)
Net segment results	3,068	(734)	(2,148)	(19,111)
<i>Investment</i>				
Income from investment in private and public equities and funds	1,759	(531)	7,801	4,844
Impairment reversal on investment properties	-	-	12,305	-
	1,759	(531)	20,106	4,844
Income from investment properties	2,428	1,801	7,486	6,442
Depreciation	(1,962)	(2,150)	(5,889)	(6,558)
	466	(349)	1,597	(116)
Net segment results	2,225	(880)	21,703	4,728
Finance costs	(8,972)	(4,186)	(23,845)	(11,301)
Unallocated income and expenses-Head office	(2,083)	(2,748)	(7,328)	(8,891)
Loss for the period	(5,762)	(8,548)	(11,618)	(34,575)

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15 SEGMENT REPORTING (continued)

Other information

	30 September 2023			31 December 2022 (audited)		
	<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	<u>1,481,380</u>	<u>481,008</u>	<u>1,962,388</u>	<u>1,454,375</u>	<u>454,175</u>	<u>1,908,550</u>
Segment liabilities	<u>683,158</u>	<u>-</u>	<u>683,158</u>	<u>634,780</u>	<u>3</u>	<u>634,783</u>
Depreciation	<u>55,991</u>	<u>5,889</u>	<u>61,880</u>	<u>71,060</u>	<u>8,521</u>	<u>79,581</u>
Capital expenditure	<u>32,012</u>	<u>2,976</u>	<u>34,988</u>	<u>64,439</u>	<u>5,121</u>	<u>69,560</u>

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 30 September 2023 and 30 September 2022.

	30 September 2023			30 September 2022		
	<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>376,749</u>	<u>81,605</u>	<u>458,354</u>	<u>358,352</u>	<u>109,917</u>	<u>468,269</u>
Investment income	<u>9,266</u>	<u>132</u>	<u>9,398</u>	<u>5,276</u>	<u>(548)</u>	<u>4,728</u>

	30 September 2023			31 December 2022		
	<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>1,838,041</u>	<u>124,347</u>	<u>1,962,388</u>	<u>1,769,488</u>	<u>139,062</u>	<u>1,908,550</u>
Liabilities	<u>586,928</u>	<u>96,230</u>	<u>683,158</u>	<u>534,854</u>	<u>99,929</u>	<u>634,783</u>
Capital expenditure	<u>32,012</u>	<u>2,976</u>	<u>34,988</u>	<u>65,242</u>	<u>4,318</u>	<u>69,560</u>

16 TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the financial statements for accounting periods beginning on or after 1 June 2023.

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

The Group will be subject to taxation commencing 1 January 2024. Based on the above, the Group assessed the deferred tax implication and concluded it is not expected to be significant as of and for the nine months period ended 30 September 2023. As certain other cabinet decisions are pending as on the date of these interim condensed consolidated financial statements, the Group will continue to assess the impact of these pending cabinet decisions on deferred taxes as and when finalized and published.

17 RISK MANAGEMENT

The market environment in the construction sector is being influenced by the negative effects of the Russian / Ukraine conflict and energy, raw material and transport prices have risen considerably, especially in recent months. In this context, uncertainties remain. Global GDP growth is expected to slow down and risk of recession could be amplified by rising interest rates intended to curb inflation.

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

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 2023, 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 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 Group 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 on the financial statements other than changes to fair values which have been incorporated as at the year end.

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18 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significant influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and mutually agreed with the related parties.

Compensation of key management personnel is as follows:

	<i>Nine-month period ended 30 September</i>	
	<i>2023</i>	<i>2022</i>
	<i>AED'000</i>	<i>AED'000</i>
Short term employee benefits and end of service benefits	6,010	6,129
Number of key management personnel	15	15
Director's fees	-	-