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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2024

Building a better working world

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PL No. 2845

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 consolidated statement of financial position as at 31 March 2024 and the related interim consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the three-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

14 May 2024

Sharjah, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three-month period ended 31 March 2024 (unaudited)

		Three-month period ended 31 March	
	Notes	***2024 AED'000 (unaudited)***	*2023 AED'000 (unaudited)*
Revenue	4	**167,616**	157,982
Cost of sales		**(154,419)**	(155,813)
GROSS PROFIT		**13,197**	2,169
Administrative and general expenses		**(5,040)**	(4,994)
Selling and distribution expenses		**(1,668)**	(1,674)
Investment income	5	**9,865**	3,812
Finance expenses		**(8,252)**	(7,293)
Other income		**551**	535
PROFIT/(LOSS) BEFORE TAX FOR THE PERIOD		**8,653**	(7,445)
Tax expense	18	**(205)**	-
NET PROFIT/(LOSS) FOR THE PERIOD		**8,448**	(7,445)
Profit/(loss) attributable to:			
Equity holders of the parent		**8,448**	(7,445)
Earnings per share			
Basic and diluted earnings per share	15	**0.014**	(0.012)

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three-month period ended 31 March 2024 (unaudited)

		Three-month period ended 31 March	
	Notes	**2024 AED'000 (unaudited)**	2023 AED'000 (unaudited)
Profit/(loss) after tax for the period		**8,448**	(7,445)
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Investments carried at FVOCI –change in fair value (net of tax)	7.1	**(7,700)**	(6,630)
Items that may be reclassified to profit or loss:			
Change in fair value of interest rate swap	7.1	**-**	221
Other comprehensive loss for the period		**(7,700)**	(6,409)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**748**	(13,854)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		**748**	(13,854)

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2024 (unaudited)

	Notes	*31 March 2024 AED'000 (Unaudited)*	*31 December 2023 AED'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**863,609**	876,229
Investment properties	8	**247,359**	249,322
Investments carried at FVTOCI	7	**148,537**	157,169
Deferred tax asset	18	**556**	-
		1,260,061	1,282,720
Current assets			
Inventories	9	**298,716**	313,325
Trade and other receivables		**273,236**	240,502
Investments carried at FVTPL	7	**34,039**	31,762
Cash in hand and at bank	10	**21,385**	19,546
Asset held for sale	6	**47,293**	47,293
		674,669	652,428
TOTAL ASSETS		**1,934,730**	1,935,148
EQUITY AND LIABILITIES			
Share capital	12	**608,254**	608,254
Statutory reserve	13	**334,091**	334,091
General reserve	14	**226,373**	226,373
Fair value reserve	7	**18,340**	26,040
Retained earnings		**112,474**	104,026
		1,299,532	1,298,784
Non-current liabilities			
Long term borrowings	11	**125,218**	112,160
Provision for staff terminal benefits		**31,062**	31,722
		156,280	143,882
Current liabilities			
Trade and other payables		**141,593**	136,203
Short term borrowings	11	**337,325**	356,279
		478,918	492,482
Total liabilities		**635,198**	636,364
TOTAL EQUITY AND LIABILITIES		**1,934,730**	1,935,148

These interim condensed consolidated financial statements were approved by the Board of Directors, and authorised for issue on 14 May 2024 and signed on their behalf by:

Chairman

Chief Executive

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the Three months period ended 31 March 2024 (unaudited)

	Notes	*Three-month period ended 31 March* **2024 AED'000**	*2023 AED'000*
OPERATING ACTIVITIES:			
Profit/(loss) for the period before tax		**8,653**	(7,445)
Adjustments for:			
Depreciation on property, plant and equipment		**17,515**	18,292
Depreciation on investment properties		**1,963**	1,963
Provision for staff terminal benefits		**593**	768
Provision for inventory	9	**(281)**	(3,210)
Gain on disposal of property, plant and equipment		**(101)**	(13)
Rental income from investment properties		**(3,209)**	(2,376)
(Gain)/loss on change in fair value of investments carried at FVTPL	5	**(2,277)**	30
Realised gain on disposal of investments carried at FVTPL	5	**-**	(115)
Dividend income	5	**(5,870)**	(3,146)
Finance expense		**8,252**	7,293
		25,238	12,041
Working capital adjustments:			
Inventories	9	**14,890**	(40,552)
Trade and other receivables		**(32,734)**	10,897
Trade and other payables		**6,434**	33,310
		13,828	15,696
Staff terminal benefits paid		**(1,253)**	(579)
Net cash from operating activities		**12,575**	15,117
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(4,986)**	(12,654)
Proceeds from disposal of property, plant and equipment		**192**	41
Purchase of investments carried at FVTOCI	7.1	**-**	(1,764)
Proceeds from disposal of investments carried at FVTOCI	7.1	**171**	1,209
Dividend income received	5	**5,870**	3,146
Rental income from investment properties – net	17	**3,209**	2,376
Purchase of investment carried at FVTPL	7.2	**-**	(563)
Proceed from disposal of investments carried at FVTPL	7.2	**-**	1,151
Net cash from/(used in) investing activities		**4,456**	(7,058)
FINANCING ACTIVITIES			
Proceeds from long term and short term bank loans		**164,299**	126,250
Repayment of long term and short term bank loans		**(170,196)**	(130,006)
Interest paid		**(9,295)**	(7,293)
Net cash used in financing activities		**(15,192)**	(11,049)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,839**	(2,990)
Cash and cash equivalents at the beginning of the period		**19,546**	13,094
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10	**21,385**	10,104
Represented by:			
Cash in hand and at bank		**21,385**	10,104

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2024 (unaudited)

	Share capital AED' 000	*Statutory reserve AED'000*	*General reserve AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*
Balance at 1 January 2024 (audited)	608,254	334,091	226,373	26,040	104,026	1,298,784
Profit for the period after tax	-	-	-	-	8,448	8,448
Other comprehensive loss for the period	-	-	-	(7,700)	-	(7,700)
Total comprehensive income for the period	-	-	-	(7,700)	8,448	748
Balance at 31 March 2024 (unaudited)	**608,254**	**334,091**	**226,373**	**18,340**	**112,474**	**1,299,532**
Balance at 1 January 2023 (audited)	608,254	334,091	226,373	2,931	102,118	1,273,767
Loss for the period	-	-	-	-	(7,445)	(7,445)
Other comprehensive loss for the period	-	-	-	(6,409)	-	(6,409)
Total comprehensive loss for the period	-	-	-	(6,409)	(7,445)	(13,854)
Transfer of realised loss from fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 7.1)	-	-	-	679	(679)	-
Total other equity movement	-	-	-	679	(679)	-
Balance at 31 March 2023 (unaudited)	608,254	334,091	226,373	(2,799)	93,994	1,259,913

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

1 CORPORATE INFORMATION

Sharjah Cement and Industrial Development Co. (PJSC) (the "Company") was incorporated in Sharjah, United Arab Emirates in 1977 under an Emiri Decree issued by H.H The Ruler of Sharjah and has since been registered as a public joint stock company. The registered office of the Company is P.O. Box 2083 Sharjah, United Arab Emirates. The shares of the Company are listed on Abu Dhabi Securities Market.

The interim condensed consolidated financial statements ('interim financial statements') as at and for the Three-month period ended 31 March 2024 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.

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, the CT regime is effective from 1 January 2024 since the first tax period will be the period from 1 January 2024 to 31 December 2024, with the respective tax return to be filed on or before 30 September 2025.

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 2023 ('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 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 2023.

2.1 BASIS OF CONSOLIDATION

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

Subsidiary	*Principal activity*	*Country of incorporation*	*Ownership*	
			2024	2023
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 2024.

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 MATERIAL ACCOUNTING POLICY INFORMATION

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 2023 except for the below accounting policy. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New standards, interpretations and amendments
Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contract with customers consists of the following:

	31 March 2024 AED'000	*31 March 2023 AED'000*
Type of revenue		
Sale of goods	**167,615**	157,982
Geographical markets		
Within UAE	**144,566**	126,484
Outside UAE	**23,049**	31,498
Total revenue from contracts with customers	**167,615**	157,982
Timing of revenue recognition		
Goods transferred at a point in time	**167,615**	157,982

Contract balances
A contract asset is Group's right to consideration in exchange for goods that has been transferred to the customers. The Group has trade receivable of AED 257,735 thousand (31 December 2023: AED 235,787 thousand) and short term advances received from customers to supply the goods are AED 1,591 thousand (31 December 2023: AED 1,756 thousand) as at 31 March 2024.

Performance obligations
The performance obligation on sales of goods is satisfied upon delivery and payment is generally due within 150 to 210 days from delivery (2023: 150 to 210 days).

5 INVESTMENT INCOME

	Three-month period ended 31 March	
	2024 AED'000 (unaudited)	*2023 AED'000 (unaudited)*
Gain/(loss) on change of fair value of investments carried at FVTPL	**2,277**	(30)
Realized gain on disposal of investments carried at FVTPL	**-**	115
Operating income from investment properties	**1,246**	413
Dividend income	**5,870**	3,146
Others	**472**	168
	9,865	3,812

6 ASSET HELD FOR SALE

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Opening balance	**47,293**	47,293
Closing balance	**47,293**	47,293

(i) This represents 35.5% shareholding of Autoline Industrial Park Limited ("AIPL) in India which holds industrial plots of land in Maharashtra, India.

(ii) 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

(iii) The Group has signed a memorandum of understanding to sell its shareholding in AIPL to this buyer and agreed a payment plan. As of 31 March 2024, the Group has received an amount of INR 159 million equivalent to AED 6.2 million. As per the MOU the share transfer will initiate once the Group has received 49% of the amount. The Group expects to receive the full sale consideration over the next 12 months.

(iv) Management is of the view that the fair value less cost to sell is expected to be higher than the carrying value.

7 INVESTMENTS

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Investments carried at FVTOCI		
Investment in quoted equity securities	**118,271**	126,733
Investment in unquoted securities	**30,266**	30,436
(i) - refer note 7.1	**148,537**	157,169
Investments carried at FVTPL		
Investment in quoted equity securities	**34,039**	31,762
(ii) - refer note 7.2	**34,039**	31,762
(i) + (ii)	**182,576**	188,931

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Quoted:		
UAE	**119,308**	124,920
Outside UAE	**33,002**	33,575
Unquoted:		
UAE	**288**	288
Outside UAE	**29,978**	30,148
	182,576	188,931

7 INVESTMENTS (continued)

7.1 Investments carried at FVTOCI

This include investments in equity shares of listed companies. Fair values of these equity shares are determined by reference to published price quotations in an active market. The Group holds non-controlling interests in these companies. FVTOCI also includes the investments in funds which are unquoted. These investments were irrevocably designated at fair value through OCI as the Group considers these investments to be strategic in nature. Movement during the year is as below:

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
As at 1 January	**157,169**	134,429
Purchases made during the period/year	**-**	3,968
Net change in fair value	**(8,461)**	20,860
Disposals during the period/year	**(171)**	(2,088)
Balance at end of the period/year	**148,537**	157,169

Cumulative changes in fair value of investments carried at FVTOCI

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
As at 1 January	**26,040**	3,410
Net change in fair value during the period/year	**(8,461)**	20,860
Deferred tax on unrealized fair value change (note 18)	**761**	-
Transfer to retained earnings upon disposal	**-**	1,770
Balance at end of the period/year (i)	**18,340**	26,040

Change in fair value of interest rate swap

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
As at 1 January	**-**	(479)
Change in fair value during the period/year	**-**	479
Balance at end of the period/year (ii)	**-**	-
Fair value reserve as on (i) + (ii)	**18,340**	26,040

7 INVESTMENTS (continued)

7.2 Investments carried at FVTPL

This include investments in equity shares of listed companies. Fair values of these equity shares are determined by reference to published price quotations in an active market. Movement during the year as follows:

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
As at 1 January	**31,762**	30,105
Purchases made during the period/year	**-**	563
Fair value gain (note 5)	**2,277**	2,130
Realized gain on disposal of investments (note 5)	**-**	115
Disposals during the period/year	**-**	(1,151)
Balance at the end of period/year	**34,039**	31,762

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

At 31 March 2024 (unaudited)	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Investments carried at FVTOCI	**118,271**	**-**	**30,266**	**148,537**
Investments carried at FVTPL	**34,039**	**-**	**-**	**34,039**
	152,310	**-**	**30,266**	**182,576**

At 31 December 2023 (audited)	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Investments carried at FVTOCI	126,733	-	30,436	157,169
Investments carried at FVTPL	31,762	-	-	31,762
	158,495	-	30,436	188,931

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

8 INVESTMENT PROPERTIES

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Cost:		
Lands	**96,767**	96,767
Buildings	**226,197**	226,197
	322,964	322,964
Depreciation and impairment:		
Accumulated depreciation	**(72,126)**	(70,163)
Impairment – (i)	**(3,479)**	(3,479)
Net book value	**247,359**	249,322

8 INVESTMENT PROPERTIES (continued)

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

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Balance as of 1 January	**3,479**	18,325
Reversal during the period/year	**-**	(14,846)
Closing at the end of period/year	**3,479**	3,479

Investment properties are accounted for using the cost model. The fair value of the investment properties as at 31 December 2023 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 2023 was AED 430,706 thousand.

9 INVENTORIES

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Raw materials	**103,872**	111,609
Work in progress and semi-finished goods	**87,295**	95,062
Finished goods	**16,101**	16,023
Stores and spares	**112,476**	110,113
	319,744	332,807
Less: provision for slow moving inventories	**(22,062)**	(22,343)
	297,682	310,464
Goods-in-transit	**1,034**	2,861
	298,716	313,325

Movement in the provision for slow moving inventories is as follows:

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
At 1 January	**22,343**	22,053
Add: provided during the period/year	**500**	3,500
Less: written back during the period/year	**(781)**	(3,210)
	22,062	22,343

Provision for slow moving inventories was written back during the period/year based of the Group's assessment of the net realizable value of the semi-finished goods and also the consumption of the old stock of finished goods during the period/year.

10 CASH IN HAND AND AT BANK

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Cash in hand and at bank	**21,385**	19,546

Cash in hand and at bank includes AED 0.34 million (31 December 2023: AED 1.6 million) held outside UAE.

11 BANK BORROWINGS

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Long term borrowings:		
Term loans	**162,989**	144,931
Less: short term portion of term loans	**(37,771)**	(32,771)
Long term portion of loan	**125,218**	112,160
Short term borrowings:		
Short term loans	**299,554**	323,508
Current portion of term loans	**37,771**	32,771
	337,325	356,279

(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 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 Passu basis.
- Registered pledge and assignment of insurance policy over captive power plant for an amount of AED 100million in favor 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 March 2024, except for the covenants of one bank, where the bank has waived the covenant testing till 31 December 2024.

(iv) The Group has unused credit facilities of AED 148 million as at 31 March 2024 (31 December 2023: AED 189 million).

(v) Average interest rate on these borrowings varies from 6.5% to 7.5% (2023: 6.5% to 7.5%).

12 SHARE CAPITAL

	31 March 2024 AED'000 (unaudited)	*31 December 2023 AED'000 (audited)*
Authorised, issued and paid up		
608,253,747 shares of AED 1 each	**608,254**	608,254

13 STATUTORY RESERVE

In accordance with Article 241 of the UAE Federal Law No. (32) of 2021 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.

14 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.

15 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 2024, calculated as follows:

	Three-month period ended 31 March	
	2024 (unaudited)	*2023 (unaudited)*
Earnings per share		
Net profit/(loss) for the period (AED'000)	**8,448**	(7,445)
Weighted average number of shares ('000)	**608,254**	608,254
Basic and diluted earnings per share (AED)	**0.014**	(0.012)

16 CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 March 2024, the Group has issued guarantees relating to performance bonds amounting to AED 1,680 thousand (31 December 2023: AED 1,673 thousand), 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 2,954 thousand (31 December 2023: AED 2,344 thousand).

Estimated capital expenditure commitment at the reporting date amounted to AED 25,464 thousand (31 December 2023: AED 9,574 thousand).

The Group also has commitments of AED 4,264 thousand (31 December 2023: AED 4,264 thousand) 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.

17 SEGMENT REPORTING

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

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

Investment segment is organised into two business units as follows:

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

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

	Three-month period ended 31 March	
	2024 AED'000 (unaudited)	*2023 AED'000 (unaudited)*
Manufacturing		
Sales	**167,616**	157,982
Cost of sales	**(154,419)**	(155,813)
Gross profit	**13,197**	2,169
Miscellaneous income	**521**	522
Expenses	**(4,335)**	(3,918)
Segment results – (i)	**9,383**	(1,227)
Investment		
Income from investment in private and public equities and funds	**8,619**	3,399
Income from investment properties	**3,209**	2,376
Depreciation	**(1,963)**	(1,963)
	1,246	413
Segment results – (ii)	**9,865**	3,812
Cumulated results – (i) + (ii)	**19,248**	2,585
Finance costs	**(8,252)**	(7,293)
Unallocated income and expenses - head office	**(2,343)**	(2,737)
Tax expense	**(205)**	-
Net Profit/(loss) for the period	**8,448**	(7,445)

17 SEGMENT REPORTING (continued)

Other information

	31 March 2024 (unaudited)			*31 December 2023 (audited)*		
	Manufacturing AED'000	***Investment AED'000***	***Total AED'000***	*Manufacturing AED'000*	*Investment AED'000*	*Total AED'000*
Segment assets	**1,457,656**	**477,074**	**1,934,730**	1,449,552	485,596	1,935,148
Segment liabilities	**629,142**	**6,056**	**635,198**	636,364	-	636,364
Depreciation	**17,515**	**1,963**	**19,478**	74,633	7,852	82,485
Capital expenditure	**4,930**	**-**	**4,930**	40,356	7,936	48,292

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 31 March 2024 and 31 March 2023.

	31 March 2024 (unaudited)			*31 March 2023 (unaudited)*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Revenue	**144,567**	**23,049**	**167,616**	126,484	31,498	157,982
Investment income	**7,982**	**1,883**	**9,865**	3,493	319	3,812

	31 March 2024 (unaudited)			*31 December 2023 (audited)*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Assets	**1,806,080**	**128,650**	**1,934,730**	1,806,588	128,560	1,935,148
Liabilities	**551,206**	**83,992**	**635,198**	564,765	71,599	636,364
Capital expenditure	**4,930**	**-**	**4,930**	44,324	3,968	48,292

18 INCOME TAX

	Three-month period ended 31 March	
	2024 AED'000 (unaudited)	*2023 AED'000 (unaudited)*
Interim Consolidated Statement of Profit or loss		
Current income tax charge	**-**	-
Deferred tax related to gain on investments designated at fair value through P&L	**205**	-
	205	-
Interim Consolidated Other Comprehensive income		
Deferred tax related to net loss on investments designated at fair value through OCI *(note 7)*	**761**	-
Deferred Tax reflected in the statement of financial position as follows;		
Deferred Tax Asset	**761**	-
Deferred Tax Liabilities	**(205)**	-
Deferred tax asset – net	**556**	-

19 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 31 March 2024, 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.

19 RISK MANAGEMENT (continued)

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.

20 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:

	Three-month period ended 31 March	
	2024 AED'000	*2023 AED'000*
Short term employee benefits and end of service benefits	**1,841**	2,065
Number of key management personnel	**14**	15
Director's fees	**-**	-

21 SUBSEQUENT EVENTS

Subsequent to the period ended 31 March 2024, the Shareholders at the Annual General Meeting held on April 21, 2024, have resolved not to distribute any dividends to shareholders and not to allocate remuneration to Board members for the financial year 2023.