

**National Cement Company
(Public Shareholding Co)**

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

31 MARCH 2022

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

Introduction

We have reviewed the accompanying interim condensed financial statements of National Cement Company (Public Shareholding Co.) (the “Company”) as at 31 March 2022, which comprise the interim statement of financial position as at 31 March 2022, and the related interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 *International Accounting Standard* (IAS 34). Our responsibility is to express a conclusion on these interim condensed 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. Consequently, it 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.

Basis for Qualified Conclusion

As disclosed in Note 9 to the interim condensed financial statements, as at 31 March 2022, the Company has investment in an unquoted equity instrument classified as Fair Value through Other Comprehensive Income (FVOCI) amounting to AED 41,868 thousand. We were not provided with sufficient appropriate audit evidence supporting the measurement of fair value as of the reporting date. As a result, we are unable to determine whether any adjustment to the carrying amount of the investment was necessary as at 31 March 2022.

Qualified Conclusion

Based on our review, with the exception of the matter described in the *Basis for Qualified Conclusion* section of our report, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’.

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

12 May 2022

Dubai, United Arab Emirates

National Cement Company (Public Shareholding Co.)

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2022

		<i>Three-months ended</i>	
		<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 March 2021 AED '000 (Unaudited)</i>
	<i>Notes</i>		
Revenue		38,992	45,509
Direct costs	3	(48,417)	(53,213)
GROSS LOSS		(9,425)	(7,704)
Other operating income	4	3,251	2,672
Administration and general expenses	5	(5,600)	(5,672)
Selling and distribution expenses		(1,096)	(959)
OPERATING LOSS		(12,870)	(11,663)
Finance income	6	4,475	6,355
Finance cost		(635)	(1,338)
Net change in fair value of debt instruments at FVTPL	9	(1,779)	5,138
Fair value of debt instruments at FVOCI recycled to profit or loss on disposal		(6,602)	-
LOSS FOR THE PERIOD		(17,411)	(1,508)
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of equity instruments at FVOCI	9	72,045	45,883
<i>Items that have been reclassified to profit or loss or may be reclassified to profit or loss in subsequent periods:</i>			
Net change in fair value of debt instruments at FVOCI	9	(2,251)	(125)
Fair value of debt instruments at FVOCI recycled to profit or loss on disposal		6,602	-
Other comprehensive income for the period		76,396	45,758
Total comprehensive income for the period		58,985	44,250
Earnings per share			
Basic and diluted earnings per share (AED)	18	(0.049)	(0.004)

The attached notes 1 to 22 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.)

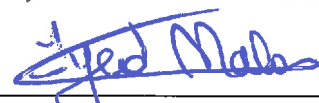
INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	167,391	171,314
Intangible assets		1,650	1,800
Investment properties	8	2,924	2,924
Investments in financial assets	9	1,216,383	1,145,781
Loan receivable from an associate	11	316,000	316,000
Total non-current assets		1,704,348	1,637,819
Current assets			
Investments in financial assets	9	50,609	57,768
Inventories	12	51,186	51,066
Trade and other receivables	13	92,123	82,166
Advances and other receivables		6,031	2,673
Bank balances and cash	15	66,454	84,046
Total current assets		266,403	277,719
TOTAL ASSETS		1,970,751	1,915,538
EQUITY AND LIABILITIES			
Equity			
Share capital		358,800	358,800
Share application money		26	26
Statutory reserve		179,402	179,402
General reserve		313,323	313,323
Fair value reserve of financial assets at FVOCI		886,910	810,514
Retained earnings		39,392	56,803
Total equity		1,777,853	1,718,868
Non-current liabilities			
Employees' end of service benefits		21,126	20,870
Bank borrowings	16	10,000	10,000
		31,126	30,870
Current liabilities			
Bank borrowings	16	115,000	115,000
Trade and other payables	17	46,772	50,800
		161,772	165,800
Total liabilities		192,898	196,670
TOTAL EQUITY AND LIABILITIES		1,970,751	1,915,538

These interim condensed financial statements were authorised for issue by the Board of Directors on 12 May 2022 and signed by:


Chairman


Vice Chairman

The attached notes 1 to 22 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.)

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	<i>Share capital AED '000</i>	<i>Share application money AED '000</i>	<i>Statutory reserve AED '000</i>	<i>General reserve AED '000</i>	<i>Fair value reserve of financial assets at FVOCI AED '000</i>	<i>Retained earnings AED '000</i>	<i>Total equity AED '000</i>
Balance as at 1 January 2022 (Audited)	358,800	26	179,402	313,323	810,514	56,803	1,718,868
Loss for the period	-	-	-	-	-	(17,411)	(17,411)
Other comprehensive income for the period	-	-	-	-	76,396	-	76,396
Total comprehensive income for the period	-	-	-	-	76,396	(17,411)	58,985
As at 31 March 2022 (Unaudited)	358,800	26	179,402	313,323	886,910	39,392	1,777,853
Balance as at 1 January 2021 (Audited)	358,800	26	179,402	313,323	497,852	7,832	1,357,235
Loss for the period	-	-	-	-	-	(1,508)	(1,508)
Other comprehensive income for the period	-	-	-	-	45,758	-	45,758
Total comprehensive income for the period	-	-	-	-	45,758	(1,508)	44,250
As at 31 March 2021 (Unaudited)	358,800	26	179,402	313,323	543,610	6,324	1,401,485

The attached notes 1 to 22 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.)

INTERIM STATEMENT OF CASH FLOWS

For the three months ended 31 March 2022

		<i>Three months ended</i>	
		<i>31 March 2022 AED '000 Unaudited</i>	<i>31 March 2021 AED '000 Unaudited</i>
	<i>Notes</i>		
OPERATING ACTIVITIES			
Loss for the period		(17,411)	(1,508)
Adjustments for:			
Depreciation and amortization		4,450	4,545
Change in fair value of financial assets at FVTPL, net		1,779	(5,138)
Change in fair value of financial assets at FVOCI recycled to profit or loss		6,602	-
Write down of inventories		1,821	1,102
Provision for employees' end of services benefits, net		323	1,124
Finance income	6	(4,475)	(6,355)
Finance cost		635	1,338
Operating loss before working capital changes		(6,276)	(4,892)
Working capital changes:			
Inventories		(1,941)	10,680
Trade and other receivables		(9,957)	(1,139)
Advances and other receivables		(3,358)	(3,979)
Trade and other payables		(4,028)	17,153
Cash (used in) / from operations		(25,560)	17,823
End of service benefits paid		(67)	(286)
Net cash flows (used in) / from operating activities		(25,627)	17,537
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(377)	(167)
Purchase of financial assets		(3,405)	(4,945)
Proceeds from maturity/disposals of financial assets		7,977	56,164
Interest received		4,475	6,355
Fixed deposit released/(placed)		17,061	(65,000)
Net cash flows from / (used in) investing activities		25,731	(7,593)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		65,000	165,710
Repayment of bank borrowings		(65,000)	(194,070)
Finance costs paid		(635)	(1,950)
Net cash flows used in financing activities		(635)	(30,310)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(531)	(20,366)
Cash and cash equivalents at the beginning of the period		14,046	38,155
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 15		13,515	17,789

The attached notes 1 to 22 form part of these interim condensed financial statements.

1 BACKGROUND AND PRINCIPAL ACTIVITIES

National Cement Company (Public Shareholding Co.), Dubai ("the Company"), is registered in accordance with the decree issued by His Highness Ruler of Dubai on April 10, 1968 establishing a cement company in the Emirate of Dubai. The registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

Federal Law by Decree 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 Company is in the process of reviewing the new law and will apply the requirements thereof no later than one year from the date on which the new Decree Law came into effect.

The principal activity of the Company is to manufacture and sell cement and cement related products.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the three months ended 31 March 2022 have been prepared in accordance with IAS 34: *Interim Financial Reporting*.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Company's annual financial statements as at 31 December 2021.

The interim condensed financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

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

2.2 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have an impact on the interim condensed financial statements of the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company does not have contracts on which the amendments are applicable.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)

2.2 New standards, interpretations and amendments adopted by the Company (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed financial statements of the Company as it does not have any subsidiary.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)**2.3 Fair value measurement**

All financial assets and liabilities are stated at amortized cost or historical cost except for investments in financial assets that are measured at fair value. The fair values of the financial assets and liabilities are not materially different from their carrying values at the reporting date. The FVOCI and FVTPL investments are classified within Levels 1, 2 and 3 of the fair value hierarchies. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period.

3 DIRECT COSTS

	<i>Three months ended</i>	
	<i>31 March 2022</i>	<i>31 March 2021</i>
	<i>AED '000 (Unaudited)</i>	<i>AED '000 (Unaudited)</i>
Material cost	27,281	28,344
Utilities and other factory costs	10,442	14,306
Staff costs	4,828	5,382
Depreciation of property, plant and equipment	4,045	4,079
Write down of inventories	1,821	1,102
	<u>48,417</u>	<u>53,213</u>

4 OTHER OPERATING INCOME

	<i>Three months ended</i>	
	<i>31 March 2022</i>	<i>31 March 2021</i>
	<i>AED '000 (Unaudited)</i>	<i>AED '000 (Unaudited)</i>
Sale of scrap and other non-trading materials	2,024	1,103
Rental income from investment properties	804	780
Other rental income	402	440
Others	21	349
	<u>3,251</u>	<u>2,672</u>

5 ADMINISTRATION AND GENERAL EXPENSES

	<i>Three months ended</i>	
	<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 March 2021 AED '000 (Unaudited)</i>
Staff costs	3,706	3,855
Office expenses	555	519
Depreciation of property, plant and equipment	255	313
Amortization of Intangible asset	150	150
Bank charges	141	124
Utilities	39	40
Other	754	671
	5,600	5,672

6 FINANCE INCOME

	<i>Three months ended</i>	
	<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 March 2021 AED '000 (Unaudited)</i>
Interest income on loan to associate	2,915	3,185
Interest income on investments in financial assets (debt instruments)	1,560	3,170
	4,475	6,355

7 PROPERTY, PLANT AND EQUIPMENT

During the three-month period ended March 31, 2022 additions to property, plant and equipment amounted to AED 0.37 million (2021: AED 0.17 million) and depreciation charge for the period amounted to AED 4.3 million (2021: AED 4.4 million).

8 INVESTMENT PROPERTIES

Investment properties represent land and villas constructed thereon. No investment properties were bought or sold during the current period and no depreciation was charged as the assets are fully depreciated. Land is not depreciated.

The fair market value of investment properties, including land, is estimated to be AED 38 million (2021: AED 37 million) as per the internal valuation carried out by the management in March 2022. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals it is categorized as Level 3 fair value based on valuation inputs used.

National Cement Company (Public Shareholding Co.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2022

9 INVESTMENTS IN FINANCIAL ASSETS

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
<i>Current assets</i>		
Investments at FVOCI	42,998	49,269
Investments at FVTPL	7,611	8,499
	50,609	57,768
<i>Non-current assets</i>		
Investments at FVOCI	1,187,430	1,115,869
Investments at FVTPL	28,953	29,912
	1,216,383	1,145,781
	1,266,992	1,203,549

The categories of investments in financial assets are as follows:

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Quoted equity instruments – at fair value	1,133,638	1,061,593
Debt instruments – at fair value	91,486	100,088
Unquoted equity instrument – at fair value*	41,868	41,868
	1,266,992	1,203,549

*The Company has an investment, through an unquoted equity instrument, in a cement plant under construction outside the UAE. The investment is being carried at Fair Value through Other Comprehensive Income and is classified as Level 3 within the fair value hierarchy. The Company was not able to engage a third-party valuer to reliably determine the fair value of the investment due to the non-conducive situation in the country of investment. Accordingly, based on management's judgement, the fair value was determined to be AED 41,868 thousand as at the reporting date (2021: AED 41,868 thousand).

Investments in financial assets amounting to AED 958,059 thousand (2021: AED 935,273 thousand) are pledged with banks against loans and borrowings.

9 INVESTMENTS IN FINANCIAL ASSETS (continued)

The movement in investments in financial assets during the period was as follows:

<i>Three-months ended 31 March 2022 (Unaudited)</i>				
	<i>Debt instruments at FVOCI AED '000</i>	<i>Debt instruments at FVTPL AED '000</i>	<i>Equity instruments at FVOCI AED '000</i>	<i>Total AED '000</i>
At the beginning of the period	61,677	38,411	1,103,461	1,203,549
Additions	-	3,405	-	3,405
Matured/redeemed	(4,504)	(3,473)	-	(7,977)
Change in fair value	(2,251)	(1,779)	72,045	68,015
At the end of the period	54,922	36,564	1,175,506	1,266,992

<i>Three-months ended 31 March 2021 (Unaudited)</i>				
	<i>Debt instruments at FVOCI AED '000</i>	<i>Debt instruments at FVTPL AED '000</i>	<i>Equity instruments at FVOCI AED '000</i>	<i>Total AED '000</i>
At the beginning of the period	84,295	104,652	783,225	972,172
Additions	-	4,945	-	4,945
Matured/redeemed	-	(56,164)	-	(56,164)
Change in fair value	(125)	5,138	45,883	50,896
At the end of the period	84,170	58,571	829,108	971,849

The investments in financial assets by geography are as follows:

	<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 December 2021 AED '000 (Audited)</i>
United Arab Emirates	960,986	920,756
Saudi Arabia	244,503	214,974
Other countries	61,503	67,820
	1,266,992	1,203,550

10 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 25.43% (2021: 25.43%) share in Berber Cement Company Ltd, a limited liability company registered in the Republic of Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's interest in Berber Cement Company Ltd. is accounted for using the equity method in the financial statements.

In prior periods, the Company has accounted for the investment after taking account of the effect of hyperinflationary economy and of using uniform accounting policies while preparing the financial statements of the associate. Furthermore, the Company has fully provided for the investment in the associate and it has no further obligation towards the losses, exceeding the face value of equity shares held.

11 LOAN RECEIVABLES FROM ASSOCIATE

The loan of AED 316 million at 31 March 2022 represents AED denominated loan given to the associate and was recoverable by October 2019, however, the associate has not yet settled this loan. The interest rate on this loan is charged at the rate of 3-month EIBOR + 3% per annum.

Management performed an impairment assessment on the loan and evaluated the associate's ability to repay the loan based on the specific factors that includes the payment pattern during and subsequent to the reporting period, existence of adequate and sufficient securities against the loan, and proposed amendment of loan agreement with revised repayment schedule, which is expected to be formalized during the current year. Based on such assessment, and the fact that the loan is secured against pledge of assets having a fair value exceeding the loan amount on 31 March 2022, management concluded that no impairment is required on the loan balance as at the reporting date.

12 INVENTORIES

	31 March 2022	31 December 2021
	AED '000	AED '000
	(Unaudited)	(Audited)
Work in progress	15,191	12,484
Raw materials	10,264	13,485
Finished goods	3,771	3,016
Consumable and spare parts	21,960	22,081
	51,186	51,066

13 TRADE AND OTHER RECEIVABLES

	31 March 2022	31 December 2021
	AED '000	AED '000
	(Unaudited)	(Audited)
Trade receivables		
Receivables from third party customers	93,677	85,340
Related parties (Note 14)	2,345	1,788
Less: allowance for expected credit losses	(9,244)	(9,244)
	86,778	77,884
Due from a related party (Note 14)	1,849	934
Other receivables	3,496	3,348
	92,123	82,166

14 RELATED PARTY TRANSACTIONS AND BALANCES

The Company, in the ordinary course of its business, enters into trading and financing transactions with entities which fall within the definition of "related party" as contained in International Accounting Standard 24. Management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties. The significant related party transactions during the period are as follows:

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**a. Significant transactions with related parties:**

	<i>Three months ended</i>	
	<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 March 2021 AED '000 (Unaudited)</i>
<i>Associate</i>		
Interest income	2,916	3,185
<i>Other related parties</i>		
Sale of cement	1,034	1,333
Purchase of materials and services	(17)	(74)

b. Compensation of key management personnel

The remuneration of directors and other key members of management during the period was as follows:

	<i>Three months ended</i>	
	<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 March 2021 AED '000 (Unaudited)</i>
Salaries and other short-term benefits	835	830
End of service benefits	44	44
	<u>879</u>	<u>874</u>

c. Due from related parties

	<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 December 2021 AED '000 (Audited)</i>
Associate	31,409	30,494
Less: suspended interest	(29,560)	(29,560)
	<u>1,849</u>	<u>934</u>
<i>Trade receivables:</i>		
Other related parties	2,345	1,788
	<u>4,194</u>	<u>2,722</u>

d. Due to related parties

	<i>31 March 2022 AED '000 (Unaudited)</i>	<i>31 December 2021 AED '000 (Audited)</i>
Other related parties	17	18

15 CASH AND CASH EQUIVALENTS

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Cash in hand	465	277
Cash at banks – fixed deposits*	52,939	70,000
Cash at banks – current accounts	13,050	13,769
Bank balances and cash	66,454	84,046
Less: fixed deposits*	(52,939)	(70,000)
Cash and cash equivalents	13,515	14,046

* Fixed deposits carry interest at commercial rates and have an initial maturity of 1 year.

16 BANK BORROWINGS

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Murabaha loans (1)	10,000	10,000
Short-term loans (2)	115,000	115,000
	125,000	125,000
Less: current portion	(115,000)	(115,000)
Non-current portion	10,000	10,000

- (1) The Company has entered into a Murabaha agreement with a local Islamic bank for a total amount of USD 53,500 thousand (equivalent to AED 196,600 thousand) repayable in ten semi-annual instalments over a period of five years maturing in 2023, whereby the Company had made early settlements in prior years, and the remaining balance of AED 10,000 thousand (2021: AED 10,000 thousand) at the reporting date will be settled on maturity. The facility bears profit at 3 months EIBOR + 1.95%, which is payable in quarterly basis. This loan was obtained by the Company and extended to its associate in the prior years. The Murabaha agreement is obtained against pledge of quoted equity shares having a fair value of AED 385,583 thousand as at the reporting date (2021: AED 388,279 thousand).

The Company had obtained another Murabaha loan with an Islamic bank for a total amount of SAR 60,000 thousand (equivalent to AED 58,500 thousand) repayable in three annual instalments over a period of three years maturing in 2022 and at a profit rate of SAIBOR + 1.5% p.a, which was early settled during 2021. The Murabaha agreement is secured against pledge of quoted equity shares having a fair value of AED 244,503 thousand (2021: AED 214,974 thousand).

- (2) Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of AED 185 million for working capital requirements. The term of each loan obtained under this facility is for a period of 1 year. This facility bears interest at the commercial rates. This facility, along with other facilities obtained from the bank, is obtained against pledge of quoted equity shares having a fair value of AED 327,972 thousand as at the reporting date (2021: AED 332,029 thousand).

National Cement Company (Public Shareholding Co.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2022

17 TRADE AND OTHER PAYABLES

	31 March 2022 AED '000 (Unaudited)	31 December 2021 AED '000 (Audited)
Trade payables	15,305	19,520
Dividends payable	16,780	16,780
Accruals for employee benefits	5,069	5,069
Advances	1,683	1,053
Accrued interest	230	207
Due to related parties (Note 14)	17	18
Accrued expenses and other payables	7,688	8,153
	46,772	50,800

18 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss for the period attributable to the shareholders of the Company of AED 17,411 thousand (2021: loss of AED 1,508 thousand) by the weighted average number of shares outstanding during the period of 358,800 thousand shares (2021: 358,800 thousand shares).

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

19 SEGMENT REPORTING

The Company's activities comprise two main business segments: 1) manufacturing and selling cement and related products and 2) investments in securities, properties and associate. The details of segment revenue, result, assets and liabilities have been provided below:

	Three months ended 31 March 2022 (Unaudited)			Three months ended 31 March 2021 (Unaudited)		
	Cement AED '000	Investments AED '000	Total AED '000	Cement AED '000	Investments AED '000	Total AED '000
Revenue	38,992	-	38,992	45,509	-	45,509
Direct costs	(44,372)	-	(44,372)	(49,134)	-	(49,134)
Depreciation	(4,300)	-	(4,300)	(4,392)	-	(4,392)
Administration, selling and general expenses	(6,441)	-	(6,441)	(6,318)	-	(6,318)
Other operating income	2,447	804	3,251	1,892	780	2,672
Finance cost	(529)	(106)	(635)	(985)	(353)	(1,338)
Finance income	-	4,475	4,475	-	6,355	6,355
Change in fair value of financial assets, net	-	(8,381)	(8,381)	-	5,138	5,138
Segment (loss)/profit	(14,203)	(3,208)	(17,411)	(13,428)	11,920	(1,508)

National Cement Company (Public Shareholding Co.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

31 March 2022

19 SEGMENT REPORTING (continued)

	<i>31 March 2022 (Unaudited)</i>			<i>31 December 2021 (Audited)</i>		
	<i>Cement AED '000</i>	<i>Investments AED '000</i>	<i>Total AED '000</i>	<i>Cement AED '000</i>	<i>Investments AED '000</i>	<i>Total AED '000</i>
Segment assets*	318,381	1,585,916	1,904,297	309,019	1,522,473	1,831,492
Segment liabilities	182,898	10,000	192,898	186,670	10,000	196,670
Capital expenditure	377	-	377	1,242	-	1,242

* Cash and bank balances are not allocated to individual segments as these are managed and utilized as needed.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below:

a) *Information about geographical segments*

All the sales of the Company for the three months period ended 31 March 2022 and three-month period ended 31 March 2021 is within UAE.

b) *Major customers*

During the three months period ended 31 March 2022, there were 2 customers (2021: 3 customers) with revenue greater than 10% of the total revenue of the Company.

20 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, trade receivables, loan receivables, due from related parties, financial assets at fair value. Financial liabilities consist of interest-bearing loans and borrowings, trade and other payables and due to related parties.

The fair values of financial instruments are not materially different from their carrying values.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

<i>31 March 2022 (Unaudited)</i>	<i>Level 1 AED '000</i>	<i>Level 2 AED '000</i>	<i>Level 3 AED '000</i>	<i>Total AED '000</i>
Quoted equity instruments at FVOCI	1,133,638	-	-	1,133,638
Unquoted equity instruments	-	-	41,868	41,868
Quoted debt instruments at FVOCI	-	54,922	-	54,922
Quoted debt instruments at FVTPL	-	36,564	-	36,564
Total	1,133,638	91,486	41,868	1,266,992

20 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**Fair value hierarchy (continued)***31 December 2021 (Audited)*

	<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>
Quoted equity instruments at FVOCI	1,061,593	-	-	1,061,593
Unquoted equity instruments	-	-	41,868	41,868
Quoted debt instruments at FVOCI	-	61,677	-	61,677
Quoted debt instruments at FVTPL	-	38,411	-	38,411
Total	<u>1,061,593</u>	<u>100,088</u>	<u>41,868</u>	<u>1,203,549</u>

21 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 Company has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic and taken in to account the economic support and relief measures of governments.

Impact of geopolitical factors

The geopolitical situation in the eastern Europe intensified on 24 February 2022, with 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 Company 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 Company subsequent to the period end.

22 DIVIDENDS

In their General Assembly meeting held on 21 April 2022, the shareholders approved the Board of Directors' recommendation to distribute cash dividends of 10 fils per share equivalent to AED 35,880,000.