

Gulf Cement Company P.S.C.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2019

GULF CEMENT COMPANY P.S.C.

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C.

Introduction

We have reviewed the accompanying interim condensed financial statements of Gulf Cement Company P.S.C. (the “Company”) as at 31 March 2019 which comprise the interim statement of financial position as at 31 March 2019 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting (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 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 financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other matters

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another auditor who issued an unmodified opinion on those financial statements in their report dated 24 February 2019.

The interim condensed financial statements of the Company as at and for the three-month period ended 31 March 2018 were reviewed by another auditor who issued an unmodified review conclusion on those interim condensed financial statements in their report dated 13 May 2018.

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

14 May 2019

Dubai, United Arab Emirates

Gulf Cement Company P.S.C.

INTERIM STATEMENT OF INCOME

For the three months period ended 31 March 2019 (unaudited)

	<i>Notes</i>	<i>Three months period ended</i>	
		<i>31 March 2019</i>	<i>31 March 2018</i>
		<i>AED</i>	<i>AED</i>
Revenue	4	130,065,870	135,308,787
Cost of sales		(125,317,058)	(129,175,521)
Gross profit		4,748,812	6,133,266
Other operating income		1,932,995	1,570,225
Selling, general and administrative expenses		(8,882,864)	(10,489,296)
Investment income /(loss) - net	5	260,207	(3,702,354)
Finance cost		(135,838)	(425,785)
Other income		3,531,454	4,001,575
Profit /(loss) for the period		1,454,766	(2,912,369)
Basic earnings/(loss) per share	15	0.002	(0.004)

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

Gulf Cement Company P.S.C.

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three months period ended 31 March 2019 (unaudited)

	<i>Three months period ended</i>	
	<i>31 March 2019</i>	<i>31 March 2018</i>
<i>Notes</i>	<i>AED</i>	<i>AED</i>
Profit /(loss) for the period	<u>1,454,766</u>	<u>(2,912,369)</u>
Other comprehensive income:		
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>		
Profit on disposal of investments carried at FVTOCI	2,198,190	18,442
Net change in fair value of investments carried at FVTOCI	<u>4,663,644</u>	<u>3,057,379</u>
Total other comprehensive income	<u>6,861,834</u>	<u>3,075,821</u>
Total comprehensive income for the period	<u><u>8,316,600</u></u>	<u><u>163,452</u></u>

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

Gulf Cement Company P.S.C.

INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2019 (unaudited)

	Notes	31 March 2019 AED (unaudited)	31 December 2018 AED (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	805,595,944	815,750,345
Investment property		12,011,300	12,011,300
Trade and other receivables	7	3,167,283	3,167,283
Investments carried at fair value through other comprehensive income (FVTOCI)	8(a)	37,935,564	43,078,839
Total non-current assets		858,710,091	874,007,767
Current assets			
Inventories	9	180,269,405	173,487,716
Trade and other receivables	7	160,742,889	130,107,084
Investments carried at fair value through profit or loss (FVTPL)	8(b)	44,327,798	45,395,737
Bank balances and cash	10	20,476,836	23,053,928
Total current assets		405,816,928	372,044,465
Total assets		1,264,527,019	1,246,052,232
EQUITY AND LIABILITIES			
Equity			
Share capital	11	821,096,820	821,096,820
Treasury shares	11	(451,248)	(451,248)
Reserves	12	410,220,302	410,220,302
Fair value reserve	8	(165,307,594)	(169,971,238)
Accumulated losses		(14,678,359)	(18,331,315)
Total equity		1,050,879,921	1,042,563,321
Non-current liability			
Provision for employees' end of service indemnity		11,624,238	11,540,995
Current liabilities			
Finance lease liability	13	7,946,247	15,789,198
Trade and other payables	14	194,076,613	176,158,718
Total current liabilities		202,022,860	191,947,916
Total liabilities		213,647,098	203,488,911
Total equity and liabilities		1,264,527,019	1,246,052,232


 Kayed Omar Saqr Mohamed Al Qassimi
 Chairman

Gulf Cement Company P.S.C.

INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months period ended 31 March 2019 (unaudited)

	Share capital AED	Treasury shares AED	Reserves AED	Fair value reserve AED	(Accumulated losses)/ Retained earnings AED	Total AED
Balance at 1 January 2019 (unaudited)	821,096,820	(451,248)	410,220,302	(169,971,238)	(18,331,315)	1,042,563,321
Profit for the period	-	-	-	-	1,454,766	1,454,766
Other comprehensive income for the period	-	-	-	4,663,644	2,198,190	6,861,834
Total comprehensive income for the period	-	-	-	4,663,644	3,652,956	8,316,600
Balance at 31 March 2019 (unaudited)	821,096,820	(451,248)	410,220,302	(165,307,594)	(14,678,359)	1,050,879,921
Balance at 1 January 2018	821,096,820	(451,248)	460,220,302	(172,867,317)	32,214,031	1,140,212,588
Loss for the period	-	-	-	-	(2,912,369)	(2,912,369)
Other comprehensive income for the period	-	-	-	3,057,379	18,442	3,075,821
Total comprehensive income for the period	-	-	-	3,057,379	(2,893,927)	163,452
Balance at 31 March 2018 (unaudited)	821,096,820	(451,248)	460,220,302	(169,809,938)	29,320,104	1,140,376,040

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

Gulf Cement Company P.S.C.

INTERIM STATEMENT OF CASH FLOWS

For the three months period ended 31 March 2019 (unaudited)

	Notes	Three months period ended	
		31 March 2019 AED	31 March 2018 AED
OPERATING ACTIVITIES			
Profit / (loss) for the period		1,454,766	(2,912,369)
Adjustments to reconcile profit/(loss) to cash flows:			
Depreciation of property, plant and equipment	6	17,224,770	12,659,691
Finance cost		135,838	425,785
Provision for employees' end of service indemnity		240,000	242,355
Unrealised loss on investments carried at FVTPL	5	673,697	4,462,947
(Gain) / loss on sale of investments in securities	5	(74,751)	719,016
Interest and dividend income	5	(859,153)	(1,479,609)
		<u>18,795,167</u>	<u>14,117,816</u>
Working capital adjustments			
Trade and other receivables		(30,635,805)	15,315,064
Inventories		(13,603,793)	(16,713,547)
Trade and other payables		18,070,093	29,784,246
		<u>(7,374,338)</u>	<u>42,503,579</u>
Employees' end of service indemnity paid		(156,757)	(187,963)
Finance cost paid		(135,838)	(425,785)
Net cash flows (used in) / from operating activities		<u>(7,666,933)</u>	<u>41,889,831</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(248,265)	(12,356,997)
Purchase of investments carried at FVTOCI		(441,506)	(266,289)
Purchase of investments carried at FVTPL		-	(3,020,294)
Proceeds on disposal of investments in securities		12,915,608	1,240,439
Net movement in short-term deposits		-	9,000,000
Dividends received	5	832,903	1,018,658
Interest received	5	26,250	460,951
Net cash from / (used in) investing activities		<u>13,084,990</u>	<u>(3,923,532)</u>
FINANCING ACTIVITIES			
Net movement in the finance lease liability		(7,842,951)	(7,529,542)
Dividends paid		(152,198)	(186,815)
Net cash used in financing activities		<u>(7,995,149)</u>	<u>(7,716,357)</u>
Net (decrease)/increase in cash and cash equivalents during the period		<u>(2,577,092)</u>	<u>30,249,942</u>
Cash and cash equivalents at the beginning of the period	10	23,053,928	60,046,829
Cash and cash equivalents at the end of the period	10	<u>20,476,836</u>	<u>90,296,771</u>

The accompanying notes 1 to 21 form an integral part of these interim condensed financial statements.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

1. CORPORATE INFORMATION

Gulf Cement Company P.S.C. (a Public Shareholding Company), Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 24/77 issued by His Highness, The Ruler of Ras Al Khaimah, U.A.E., in 1977. The address of the Company's registered office is P. O. Box 5295 Ras Al Khaimah, United Arab Emirates.

The principal activities of the Company are production and marketing of all types of cement.

2. BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial statements of the Company for the three months period ended 31 March 2019 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 the Company's annual financial statements as at 31 December 2018.

In addition, results for the three months period ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

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.

The interim condensed financial statements have been prepared on a historical cost basis except for investments carried at fair value through profit or loss, investments carried at fair value through other comprehensive income and investment property that have been 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 consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, IFRS 16 Leases and several other amendments and interpretations effective 1 January 2019, but these do not have any material impact on the interim condensed financial statements of the Company.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Since the Company did not have any operating leases, the adoption of IFRS 16 did not have a material impact on the interim condensed financial statements of the Company.

Other amendments

1. IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
2. Amendments to IFRS 9: Prepayment Features with Negative Compensation
3. Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
4. Amendments to IAS 28: Long-term interests in associates and joint ventures

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

2. BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)

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

Annual Improvements 2015-2017 Cycle

1. IFRS 3 Business Combinations
2. IFRS 11 Joint Arrangements
3. IAS 12 Income Taxes
4. IAS 23 Borrowing Costs

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions 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.

In preparing these interim condensed financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the year ended 31 December 2018.

4. REVENUE

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Three months period ended	
	<i>31 March 2019</i>	<i>31 March 2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Local sales	34,751,290	44,058,726
Export sales	95,314,580	91,250,061
	<u>130,065,870</u>	<u>135,308,787</u>

5. INVESTMENT INCOME/(LOSS) – NET

	Three months period ended	
	<i>31 March 2019</i>	<i>31 March 2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Unrealised loss on investments carried at FVTPL	(673,697)	(4,462,947)
Gain / (loss) on disposal of investment in securities	74,751	(719,016)
Dividend income	832,903	1,018,658
Interest income	26,250	460,951
	<u>260,207</u>	<u>(3,702,354)</u>

Gulf Cement Company P.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

6. PROPERTY, PLANT AND EQUIPMENT

During the three months period ended 31 March 2019, additions to property, plant and equipment amounted to AED 248,265 (31 March 2018: AED 12,356,997) and depreciation for the three months ended 31 March 2019 amounted to AED 17,224,770 (31 March 2018: AED 12,659,691).

The factory and its related buildings are constructed on plots of land owned by the Government of Ras Al Khaimah.

All property, plant and equipment are located in U.A.E.

7. TRADE AND OTHER RECEIVABLES

	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
Trade receivables	139,254,138	112,115,083
Less: allowance for expected credit losses	(1,491,010)	(1,491,010)
	137,763,128	110,624,073
Other receivables	20,147,044	17,483,011
Receivable from sale of an associate	6,000,000	5,167,283
	163,910,172	133,274,367
Receivable from sale of an associate due after one year	(3,167,283)	(3,167,283)
	160,742,889	130,107,084

The credit risk associated with the Company's trade receivables is considered limited as the Company holds trade receivables amounting to AED 101 million (31 December 2018: AED 109 million) fully covered by unconditional bank guarantees or letter of credit from the customers to secure the collectability of these trade receivables.

8. INVESTMENT IN SECURITIES

a) Investments carried at fair value through other comprehensive income (FVTOCI)

	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
Quoted	35,854,304	40,997,579
Unquoted	2,081,260	2,081,260
	37,935,564	43,078,839

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

8. INVESTMENT IN SECURITIES (continued)**a) Investments carried at fair value through other comprehensive income (FVTOCI) (continued)**

	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
In U.A.E.	112,650	181,250
In other GCC countries	37,822,914	42,897,589
	<u>37,935,564</u>	<u>43,078,839</u>

The cumulative changes in fair value of investments carried at FVTOCI amounted to negative AED 165,307,594 as at 31 March 2019 (unaudited), (31 December 2018: negative AED 169,971,238 (audited)) and is shown separately within equity.

b) Investments carried at fair value through profit or loss (FVTPL)

	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
Quoted	44,327,798	45,395,737
	<u>44,327,798</u>	<u>45,395,737</u>
	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
In U.A.E.	26,336,305	27,461,694
In other GCC countries	17,991,493	17,934,043
	<u>44,327,798</u>	<u>45,395,737</u>

Gulf Cement Company P.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

9. INVENTORIES

	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
Finished goods	6,166,564	2,241,853
Raw materials	8,295,822	8,627,783
Work in progress	17,172,329	12,734,120
Bags, fuel and lubricants	35,685,031	32,668,474
	<u>67,319,746</u>	<u>56,272,230</u>
Spare parts - maintenance department	109,771,152	115,136,660
Consumable items	20,937,322	19,808,787
Tools	443,005	471,859
	<u>131,151,479</u>	<u>135,417,306</u>
Allowance for slow-moving inventories	(18,201,820)	(18,201,820)
	<u>112,949,659</u>	<u>117,215,486</u>
	<u>180,269,405</u>	<u>173,487,716</u>

10. BANK BALANCES AND CASH

	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
Cash on hand	138,571	77,396
Bank balances:		
Current accounts	2,171,985	1,951,617
Call deposits	3,166,280	21,024,915
Short-term deposits	15,000,000	-
	<u>20,338,265</u>	<u>22,976,532</u>
Total bank balances	20,338,265	22,976,532
Bank balances and cash	<u>20,476,836</u>	<u>23,053,928</u>
	<u>19,628,382</u>	<u>22,114,438</u>
Bank balances		
In U.A.E.	19,628,382	22,114,438
In other GCC countries	709,883	862,094
	<u>20,338,265</u>	<u>22,976,532</u>

Gulf Cement Company P.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

11. SHARE CAPITAL

	<i>31 March 2019 AED (unaudited)</i>	<i>31 December 2018 AED (audited)</i>
Issued and fully paid:		
821,096,820 ordinary shares of AED 1 each	821,096,820	821,096,820

During 2016, the Company bought back 500,000 ordinary shares from the stock market at a total cash consideration of AED 451,248. These shares are held as treasury shares as at 31 March 2019. This buyback programme of up to 10% of the Company's shares was approved by the Securities Commodities Authority and the Company's shareholders.

12. RESERVES

According to the Company's Articles of Association and the requirements of the U.A.E. Federal Law No (2) of 2015, 10% of the profit of each year is transferred to the statutory reserve and another 10% to the voluntary reserve. The transfer to statutory reserve may be suspended when it reaches 50% of the paid-up share capital. Statutory reserve is not available for distribution except as stipulated by the Law. The transfer to voluntary reserve may be suspended by the ordinary general assembly at the recommendation of the Board of Directors or when it reaches 20% of the Company's paid-up share capital.

	<i>Statutory reserve AED</i>	<i>Voluntary reserve AED</i>	<i>Total AED</i>
Balance at 31 December 2017 (audited)	364,457,977	95,762,325	460,220,302
Balance at 31 March 2018 (unaudited)	364,457,977	95,762,325	460,220,302
Balance at 31 December 2018 (audited)	364,457,977	45,762,325	410,220,302
Balance at 31 March 2019 (unaudited)	364,457,977	45,762,325	410,220,302

Subsequent to the period end, at the Annual General Meeting held on 18 April 2019, the shareholders approved the transfer of AED 41.0 million from voluntary reserve to retained earnings (2017: AED 50 million).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

13. FINANCE LEASE LIABILITY

During 2012, the Company entered into a sale and lease back arrangement with a leasing company registered in the United Arab Emirates to finance the purchase and installation of a waste heat recovery plant. The finance charges are based on 3 months LIBOR plus a margin of 2.5% per annum. The lease is repayable in quarterly instalments over the term of the lease of five years, the Company has utilized AED 146,301,950 (31 December 2018: AED 146,301,950) out of available lease facility of AED 192,500,000.

The payments due under leasing arrangement are as follows:

	<i>Minimum lease payments</i>	
	<i>31 March</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Due within one year	8,050,366	16,080,843
Less: embedded future finance costs	(103,039)	(291,645)
Present value of minimum lease payments	<u>7,946,247</u>	<u>15,789,198</u>

14. TRADE AND OTHER PAYABLES

	<i>31 March</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Trade payables	152,354,517	134,950,153
Dividend payable	28,231,696	28,383,894
Accrued expenses	9,170,077	9,425,915
Other payables	4,320,323	3,398,756
	<u>194,076,613</u>	<u>176,158,718</u>

15. BASIC EARNINGS PER SHARE

	<i>Three months period ended</i>	
	<i>31 March 2019</i>	<i>31 March 2019</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(loss) for the period (in AED)	<u>1,454,766</u>	<u>(2,912,369)</u>
Weighted average number of shares	<u>820,596,820</u>	<u>820,596,820</u>
Basic earnings/(loss) per share (in AED)	<u>0.002</u>	<u>(0.004)</u>

The denominator for the purpose of calculation of basic earnings / (loss) per share has been adjusted to reflect the buyback of shares (note 11).

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

Gulf Cement Company P.S.C.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

16. DIVIDENDS

At the annual general meeting held on 18 April 2019, the shareholders approved cash dividend at 5% of share capital amounting to AED 41.0 million (AED 0.05 per share) for the year ended 31 December 2018 (2018: 8% of share capital amounting to AED 65.7 million (AED 0.08 per share) for the year ended 31 December 2017). Shareholders also approved the Board of Directors' remuneration of AED nil for the year ended 31 December 2018 (2017: AED 1.3 million for the year ended 31 December 2017). Further, the Shareholders have approved the Board of Directors' proposal to transfer AED 41.0 million from voluntary reserve to retained earnings.

17. RELATED PARTY BALANCES

During the period, the Company entered into the following transactions with related parties:

	<i>Three months period ended</i>	
	<i>31 March 2019</i>	<i>31 March 2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Attendance expenses for Board of Directors and committees' meetings	622,500	562,500

18. CONTINGENT LIABILITIES AND COMMITMENTS

	<i>31 March</i>	<i>31 December</i>
	<i>2019</i>	<i>2018</i>
	<i>AED</i>	<i>AED</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Letters of credit	23,163,907	575,292
Letters of guarantee	200,000	200,000

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

20. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2018

Fair value of the Company's financial assets that are measured at fair value on recurring basis

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

<i>Financial assets</i>	<i>Fair value as at</i>		<i>Fair value hierarchy</i>	<i>Valuation techniques and key inputs</i>	<i>Significant unobservable input</i>	<i>Relationship of unobservable inputs to fair value</i>
	<i>31 March 2019</i>	<i>31 December 2018</i>				
	<i>(Unaudited)</i>	<i>(Audited)</i>				
	<i>AED</i>	<i>AED</i>				
Quoted equity investments carried at FVTOCI	35,854,304	40,997,579	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity investments carried at FVTOCI	2,081,260	2,081,260	Level 3	Net assets valuation method.	Net assets value.	Management has used net assets valuation method, which is appropriate fair value as per management.
Quoted equity instruments carried at FVTPL	44,327,798	45,395,737	Level 1	Quoted bid prices in an active market.	None.	NA
	82,263,362	88,474,576				

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2019 (unaudited)

20. FAIR VALUE MEASUREMENT (continued)*Fair value hierarchy*

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no changes in the Company's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

31 March 2019 (unaudited):

	<i>Level 1</i> <i>AED</i>	<i>Level 2</i> <i>AED</i>	<i>Level 3</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Investment property	-	-	12,011,300	12,011,300
Investments carried at FVTPL	44,327,798	-	-	44,327,798
Investments carried at FVTOCI:				
- Quoted equities	35,854,285	-	-	35,854,285
- Unquoted equities	-	-	2,081,260	2,081,260
	<u>80,182,102</u>	<u>-</u>	<u>14,092,560</u>	<u>94,274,662</u>

31 December 2018 (audited)

	<i>Level 1</i> <i>AED</i>	<i>Level 2</i> <i>AED</i>	<i>Level 3</i> <i>AED</i>	<i>Total</i> <i>AED</i>
Investment property	-	-	12,011,300	12,011,300
Investments carried at FVTPL	45,395,737	-	-	45,395,737
FVTOCI				
- Quoted equities	40,997,579	-	-	40,997,579
- Unquoted equities	-	-	2,081,260	2,081,260
	<u>86,393,316</u>	<u>-</u>	<u>14,092,560</u>	<u>100,485,876</u>

There were no transfers between the levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

21. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors and authorised for issue on 14 May 2019.