

Gulf Cement Company P.S.C.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2024

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 2024 which comprise the interim condensed statement of financial position as at 31 March 2024, and the related interim condensed statements of profit or loss, 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 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.

For Ernst & Young



Wardah Ebrahim
Registration No: 1258

15 May 2024

Sharjah, United Arab Emirates

Gulf Cement Company P.S.C.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2024 (unaudited)

	<i>Notes</i>	<i>Three months period ended</i>	
		<i>31 March 2024 AED</i>	<i>31 March 2023 AED</i>
Revenue from contract with customers	4	113,962,034	102,987,078
Cost of sales		(115,016,028)	(109,946,758)
GROSS LOSS		(1,053,994)	(6,959,680)
Other operating income	6	2,300,384	2,671,238
Selling, general and administrative expenses		(9,715,108)	(9,322,825)
Investment income / (loss) - net	5	1,599,699	(46,816)
Finance costs		(2,226,561)	(1,131,001)
Finance income		37,931	583,090
Other income		657,823	141,474
LOSS FOR THE PERIOD BEFORE TAX		(8,399,826)	(14,064,520)
Income tax credit	16	811,489	-
LOSS FOR THE PERIOD		(7,588,337)	(14,064,520)
Earnings per share (EPS):			
Basic and diluted loss per share	17	(0.02)	(0.03)

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Gulf Cement Company P.S.C.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

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

	<i>Three months period ended</i>	
	<i>31 March 2024 AED</i>	<i>31 March 2023 AED</i>
LOSS FOR THE PERIOD	(7,588,337)	(14,064,520)
Other comprehensive income:		
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>		
Gain / (loss) on disposal of investments carried at fair value through other comprehensive income (FVTOCI)	9(a) 4,005	(25,083)
Net change in fair value of investments carried at fair value through other comprehensive income (FVTOCI)	9 137,686	(682,343)
Total other comprehensive income / (loss)	141,691	(707,426)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(7,446,646)	(14,771,946)

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Gulf Cement Company P.S.C.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024 (unaudited)

		<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	7	625,415,187	634,577,268
Investment property		7,250,000	7,250,000
Investments carried at fair value through other comprehensive income (FVTOCI)	9(a)	1,976,853	1,837,426
Trade and other receivables	8	1,353,694	1,315,763
Deferred tax asset	16	811,489	-
Total non-current assets		636,807,223	644,980,457
Current assets			
Inventories	10	121,123,053	102,955,802
Trade and other receivables	8	96,417,759	85,426,080
Investments carried at fair value through profit or loss (FVTPL)	9(b)	11,401,064	11,697,497
Bank balances and cash	11	1,503,655	579,863
Total current assets		230,445,531	200,659,242
TOTAL ASSETS		867,252,754	845,639,699
EQUITY AND LIABILITIES			
Equity			
Share capital	12	410,548,410	410,548,410
Reserves	13	166,482,312	166,482,312
Fair value reserve	9(a)	(12,818,585)	(12,955,211)
Accumulated losses		(23,572,165)	(15,988,893)
Total equity		540,639,972	548,086,618
Non-current liabilities			
Provision for employees' end of service indemnity		8,285,430	8,344,938
Trade and other payables	15	-	577,108
Total non-current liabilities		8,285,430	8,922,046
Current liabilities			
Bank borrowings	14	46,528,796	56,267,388
Trade and other payables	15	271,798,556	232,363,647
Total current liabilities		318,327,352	288,631,035
Total liabilities		326,612,782	297,553,081
TOTAL EQUITY AND LIABILITIES		867,252,754	845,639,699

Sheikh Omar Saqer Khaled Humaid Alqassimi
Chairman of the Board of Directors

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Gulf Cement Company P.S.C.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

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

	<i>Share capital AED</i>	<i>Reserves AED</i>	<i>Fair value reserve AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
Balance at 1 January 2024 (audited)	410,548,410	166,482,312	(12,955,211)	(15,988,893)	548,086,618
Loss for the period	-	-	-	(7,588,337)	(7,588,337)
Other comprehensive income for the period	-	-	137,686	4,005	141,691
Total comprehensive loss for the period	-	-	137,686	(7,584,332)	(7,446,646)
Transfer of fair value reserve of equity instruments designated at FVTOCI (note 9(a))	-	-	(1,060)	1,060	-
Balance at 31 March 2024 (unaudited)	410,548,410	166,482,312	(12,818,585)	(23,572,165)	540,639,972
	<i>Share capital AED</i>	<i>Reserves AED</i>	<i>Fair value reserve AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
Balance at 1 January 2023 (audited)	410,548,410	348,663,041	(12,274,202)	(146,468,061)	600,469,188
Loss for the period	-	-	-	(14,064,520)	(14,064,520)
Other comprehensive loss for the period	-	-	(682,343)	(25,083)	(707,426)
Total comprehensive loss for the period	-	-	(682,343)	(14,089,603)	(14,771,946)
Transfer of fair value reserve of equity instruments designated at FVTOCI (note 9(a))	-	-	4,882	(4,882)	-
Balance at 31 March 2023 (unaudited)	410,548,410	348,663,041	(12,951,663)	(160,562,546)	585,697,242

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

Gulf Cement Company P.S.C.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

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

		<i>Three months period ended</i>	
		<i>31 March</i>	<i>31 March</i>
		<i>2024</i>	<i>2023</i>
<i>Notes</i>		<i>AED</i>	<i>AED</i>
OPERATING ACTIVITIES			
	Loss for the period before tax	(8,399,826)	(14,064,520)
Adjustments to reconcile loss to cash flows:			
	Depreciation of property, plant and equipment	13,981,610	15,341,101
	Finance costs	2,226,561	1,131,001
	Provision for employees' end of service indemnity	136,717	228,633
	Unrealised loss / (gain) on investments carried at FVTPL	65,733	(7,982)
	(Gain) / loss on sale of investments carried at FVTPL	(131,729)	55,056
	Interest and dividend income	(1,533,703)	(258)
	Finance income	(37,931)	(583,090)
		6,307,432	2,099,941
Working capital adjustments			
	Trade and other receivables	(10,991,679)	(8,063,130)
	Inventories	(18,167,251)	(10,438,461)
	Trade and other payables	39,339,646	28,853,012
		16,488,148	12,451,362
	Cash flows from operations	16,488,148	12,451,362
	Employees' end of service indemnity paid	(196,225)	(183,149)
	Finance cost paid	(2,177,498)	(1,131,001)
		14,114,425	11,137,212
INVESTING ACTIVITIES			
	Purchase of property, plant and equipment	(4,819,529)	(10,244,787)
	Purchase of investments carried at FVTOCI	(59,406)	(364,306)
	Proceeds on disposal of investments in securities	424,099	493,161
	Dividends received	1,533,521	-
	Interest received	182	258
		(2,921,133)	(10,115,674)
FINANCING ACTIVITIES			
	Net movement in bank borrowings	(9,738,592)	2,344,084
	Dividends paid	(530,908)	(33,095)
		(10,269,500)	2,310,989
NET INCREASE IN BANK BALANCES AND CASH DURING THE PERIOD		923,792	3,332,527
Bank balances and cash at the beginning of the period		579,863	3,774,784
BANK BALANCES AND CASH AT THE END OF THE PERIOD		1,503,655	7,107,311

The accompanying notes 1 to 22 form an integral part of these interim condensed financial statements.

1. CORPORATE INFORMATION

Gulf Cement Company P.S.C. (a Public Shareholding Company), Ras Al Khaimah (the "Company") having registration number 32 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 Company's shares are listed on Abu Dhabi Securities Exchange (ADX).

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

1.1 Assessment of going concern assumption

During the three months period ended 31 March 2024, the Company incurred a loss of AED 7.6 million and, as of that date, the Company's accumulated losses amounted to AED 23.6 million, and current liabilities exceeded current assets by AED 87.9 million. Slowdown in the overall economic situation arising from the consequences of the changing geopolitical situation; competitive prices and a continuous excess supply pressure have negatively impacted the operating results.

The major challenges during the period were fetching best prices from the customers in export market amid increasing competition and rising shipping premiums, excess supply of cement in both local and export market and procuring fuel and energy at optimum prices, controlling fixed cost, passing increasing cost to customers while the ongoing geopolitical situation has significantly disturbed the equilibrium and margin in the market. The Company has shown resilience in all respect and has adopted all tangible measures to improvise the situation in the Company's favour. The cost control measures, and various strategies adopted by management in prior years in all areas with a specific focus to reduce fixed costs have been reaping benefit during the period ended 31 March 2024. During the three months period ended 31 March 2024, the Company has reduced its gross loss from 6.8% for the previous comparable period to 0.9% for the current period and improved earnings before interest, taxes, depreciation, and amortisation (EBITDA i.e., non-IFRS measure) from AED 2.4 million to AED 7.8 million for the same period.

In order to be able to deal with the effects of uncertain energy and commodity prices, the current selling price environment, as well as effects of the global uncertainty, the management is continuously reviewing the Company's business and asserting the strategies. Tactical course of actions taken is mentioned below:

- Upward price revision in local market and renegotiation on prices with export customers
- Securing energy sources at best price while lodging sales quantities
- Developing new markets for both existing and new products in the export business
- Reduction of costs and improvements in efficiencies wherever conceivable
- Embracing new staff to ensure stable production and operational efficiency
- Initiating & exploring the maximum usage of alternative and renewable energy sources
- Energy conservative measures and right mix of power sources and effective and efficient use of available resources to be lowest cost-producer in the country
- Automation of machines interfaces with ERP for real time data and effective decision making
- Curtailment of discretionary capital expenditure while preserving the ability of the business to increase production when cement prices and economies improve
- Strict working capital management through negotiation in payment terms with suppliers

Management have prepared cash flow forecasts for a period in excess of 12 months. Various scenarios have been considered to test the Company's resilience to business risks including:

- Significant adverse movements in the energy and fuel prices, and cement selling prices or a combination thereof
- Failure to meet forecast demand sales targets

In view of this, the management has determine that the Company has sufficient internal and external sources of finance until the performance metrics continue to improve. The Company is currently low leveraged (i.e., gearing a ratio of 8.6%) that provides sufficient headroom to cushion against downside operational risks, and consequently management believes that it is better placed to face off the headwinds. As at 31 March 2024, the Company had available AED 50.4 million (31 December 2023: AED 25.4 million) of undrawn committed borrowing facilities.

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 2024 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 2023.

In addition, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

The interim condensed financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional currency, and all values are rounded to the nearest Dirhams 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 (FVTPL), investments carried at fair value through other comprehensive income (FVTOCI) 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 financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024 and the accounting policy for taxes which has been adopted by the Company due to the implementation of UAE corporate income tax (note 16). The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

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

These amendments had no impact on the interim condensed financial statements of the Company.

2.3 Material accounting policy information

Taxes

a) 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 Company 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.

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

2.3 Material accounting policy information

Taxes (continued)

b) 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.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

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 Company 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.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

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 2023, except for the below:

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

The Company has AED 9 million \ of tax losses carried forward. These losses do not expire and may be used to offset taxable income in future years. The utilisation of these losses is subject to the Company generating substantial taxable profits in the future years. Since the Company expects to generate taxable profits in future year, a deferred tax asset of AED 0.9 million has been recorded as at 31 March 2024. Further details on taxes are disclosed in note 16.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS**4.1 Disaggregated revenue information**

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

	<i>Three months period ended</i>	
	<i>31 March 2024 AED (unaudited)</i>	<i>31 March 2023 AED (unaudited)</i>
Type of revenue		
Sale of goods	113,962,034	102,987,078
	<hr/> <hr/>	<hr/> <hr/>
Geographical markets		
Within UAE	53,543,033	41,389,609
Outside UAE	60,419,001	61,597,469
	<hr/> <hr/>	<hr/> <hr/>
	113,962,034	102,987,078

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**4.1 Disaggregated revenue information (continued)**

	<i>Three months period ended</i>	
	<i>31 March 2024 AED (unaudited)</i>	<i>31 March 2023 AED (unaudited)</i>
Timing of revenue recognition		
Goods transferred at a point in time	113,962,034	102,987,078

Revenue includes AED 79.9 million which represents 70% of total revenue from 7 customers (three months period ended 31 March 2023: AED 76.1 million which represents 73% of total revenue from 7 customers).

4.2 Contract balances

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
<i>Asset</i>		
Trade receivables (note 8)	80,025,721	71,506,364
<i>Liability</i>		
Advances from customers (note 15)	9,121,840	4,192,422

4.3 Performance obligations

The performance obligation on sales of goods is satisfied upon delivery as per terms of underlying customer contract, and payment is generally due within 150 to 180 days (2023: 150 to 180 days) from delivery.

5. INVESTMENT INCOME / (LOSS) - NET

	<i>Three months period ended</i>	
	<i>31 March 2024 AED (unaudited)</i>	<i>31 March 2023 AED (unaudited)</i>
Unrealised (loss) / gain on investments carried at FVTPL (note 9)	(65,733)	7,982
Gain / (loss) on disposal of investments carried at FVTPL	131,729	(55,056)
Dividend income	1,533,521	-
Interest income	182	258
	1,599,699	(46,816)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

6. OTHER OPERATING INCOME

Other operating income consists of income earned on electricity generated by the Company and distributed to a customer. Income earned during the three months period ended 31 March 2024 amounted to AED 2.3 million (31 March 2023: AED 2.7 million).

7. PROPERTY, PLANT AND EQUIPMENT

- a) During the three months period ended 31 March 2024, additions to property, plant and equipment amounted to AED 4,819,529 (31 March 2023: AED 10,244,787) and depreciation for the three months period ended 31 March 2024 amounted to AED 13,981,610 (31 March 2023: AED 15,341,101).
- b) The factory and its related buildings are constructed on plots of land owned by the Government of Ras Al Khaimah.
- c) All property, plant and equipment is located in the UAE.
- d) There is a negative pledge over property, plant and equipment against borrowings (note 14).
- e) Assignment of fire insurance policy over moveable property, plant and equipment in relation to banking facilities obtained by the Company (note 14).

8. TRADE AND OTHER RECEIVABLES

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Trade receivables	83,954,745	75,435,388
Less: provision for expected credit losses (note (b))	(3,929,024)	(3,929,024)
	80,025,721	71,506,364
Other receivables	15,905,830	13,433,508
Relating to receivable from sale of an associate	1,839,902	1,801,971
	97,771,453	86,741,843
Relating to receivable from sale of an associate due after one year	(1,353,694)	(1,315,763)
	96,417,759	85,426,080

- a) Trade receivables amounting to AED 31.2 million (31 December 2023: AED 32.4 million) are fully covered by unconditional bank guarantees or letter of credit from the customers to secure the collectability of these trade receivables.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

8. TRADE AND OTHER RECEIVABLES (continued)

b) Movement in provision for expected credit losses during the period was as follows:

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Balance at the beginning of the period / year	3,929,024	4,049,551
Charge for the period / year	-	(120,527)
	<hr/>	<hr/>
Balance at the end of the period / year	3,929,024	3,929,024
	<hr/> <hr/>	<hr/> <hr/>

9. INVESTMENT IN SECURITIESa) **Investments carried at FVTOCI**

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Quoted	1,952,932	1,950,131
Unquoted	12,842,506	12,842,506
	<hr/>	<hr/>
Total gross investments at FVTOCI at cost	14,795,438	14,792,637
Less: accumulated fair value reserve, net	(12,818,585)	(12,955,211)
	<hr/>	<hr/>
Fair value of investments	1,976,853	1,837,426
	<hr/> <hr/>	<hr/> <hr/>

The geographical spread of the above investments is as follows:

	<i>31 March 2024 (unaudited)</i>			<i>31 December 2023 (audited)</i>		
	<i>Concentration percentage on fair value</i>	<i>Cost AED</i>	<i>Fair value AED</i>	<i>Concentration percentage on fair value</i>	<i>Cost AED</i>	<i>Fair value AED</i>
Other GCC countries	100%	14,795,438	1,976,853	100%	14,792,637	1,837,426
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The cumulative change in fair value of investments carried at FVTOCI amounted to negative AED 12.8 million as at 31 March 2024 (31 December 2023: negative AED 13.0 million) and is shown under equity. During the three months period ended 31 March 2024, the Company has transferred cumulative gain of AED 1,060 (31 March 2023: cumulative loss of AED 4,882) from fair value reserve to accumulated losses arising from the disposal of investments carried at FVTOCI. The total proceeds from the disposal of investments carried at FVTOCI amounted to AED 0.06 million (31 March 2023: AED 0.19 million) resulting to a gain of AED 4,005 (31 March 2023: loss of AED 0.025 million) which is shown in the interim condensed statement of profit or loss.

Equity instruments designated at FVTOCI include investments in equity shares of listed and non-listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated at FVTOCI as the Company considers these investments to be strategic in nature.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

9. INVESTMENT IN SECURITIES (continued)

b) Investments carried at FVTPL

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Quoted	7,409,192	8,077,946
Unquoted	8,299,928	8,299,928
Total gross investments at FVTPL at cost	15,709,120	16,377,874
Less: cumulative changes in fair value	(4,308,056)	(4,680,377)
Fair value of investments	11,401,064	11,697,497

The geographical spread of the above investments is as follows:

	<i>31 March 2024 (unaudited)</i>			<i>31 December 2023 (audited)</i>		
	<i>Concentration percentage on fair value</i>	<i>Cost AED</i>	<i>Fair value AED</i>	<i>Concentration percentage on fair value</i>	<i>Cost AED</i>	<i>Fair value AED</i>
UAE	100%	7,409,192	11,401,064	100%	8,077,946	11,697,497
Other GCC countries	-	8,299,928	-	0%	8,299,928	-
	100%	15,709,120	11,401,064	100%	16,377,874	11,697,497

The total proceeds from the disposal of investments carried at FVTPL amounted to AED 0.36 million (31 March 2023: AED 0.30 million) resulting to a gain of AED 0.13 million (31 March 2023: loss of AED 0.06 million) which is shown in the interim condensed statement of profit or loss.

Movement in investment in securities were as follows:

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Fair value of investments at the beginning of the period / year	13,534,923	12,138,203
Additions made during the period / year	59,406	1,431,866
Disposals made during the period / year	(288,365)	(1,543,599)
Change in the fair value of investments carried at FVTPL (note 5)	(65,733)	2,213,736
Change in the fair value of investments carried at FVTOCI	137,686	(705,283)
Fair value of investments at the end of the period / year	13,377,917	13,534,923

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At 31 March 2024 (unaudited)

10. INVENTORIES

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Finished goods	9,925,607	9,719,041
Raw materials	10,348,144	7,012,981
Work in progress	38,582,525	30,246,825
Bags, fuel and lubricants	36,669,033	34,779,988
Spare parts	26,136,568	23,744,528
Consumable items	12,018,824	10,041,480
Tools	467,907	436,514
	<u>134,148,608</u>	<u>115,981,357</u>
Less: provision for slow-moving inventories	<u>(13,025,555)</u>	<u>(13,025,555)</u>
	<u><u>121,123,053</u></u>	<u><u>102,955,802</u></u>

a) Assignment of fire insurance policy over inventories in relation to banking facilities obtained by the Company (note 14).

b) Inventories are pledged against banking facilities obtained by the Company (note 14).

11. BANK BALANCES AND CASH

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Cash on hand	<u>2,607</u>	<u>26,593</u>
Bank balances:		
Current accounts	526,827	495,249
Call deposits	974,221	58,021
	<u>1,501,048</u>	<u>553,270</u>
Total bank balances	<u><u>1,503,655</u></u>	<u><u>579,863</u></u>

Call deposits carry interest at commercial rates per annum and are made for a period of less than three months.

12. SHARE CAPITAL

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Issued and fully paid:		
410,548,410 ordinary shares of AED 1 each	<u><u>410,548,410</u></u>	<u><u>410,548,410</u></u>

13. RESERVES

According to the Company's Articles of Association and the requirements of the U.A.E. Federal Law No. 32 of 2021, 10% of the profit of each year is transferred to the statutory 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.

According to the Company's Articles of Association, 10% of the profit for each year is transferred to the voluntary reserve. 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.

As at 31 March 2024, the statutory reserve exceeded the 50% of the paid-up share capital. In prior years, upon the approval and recommendation by the regulatory authorities in the UAE, the management has decided to maintain the statutory reserve at the same level.

On 14 November 2023, the Company's Board of Directors has resolved to set off the accumulated losses of AED 182,180,729 by utilising an equivalent amount standing to the credit of available reserves, which is approved by the shareholders in the general meeting held on 20 December 2023 and Securities and Commodities Authority (SCA). This resulted in a decrease in the accumulated losses and a corresponding reduction in the statutory and voluntary reserves of the Company.

14. BANK BORROWINGS

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Bank overdraft facilities	6,872,749	8,214,414
Short term loan	39,656,047	48,052,974
	46,528,796	56,267,388

The Company's overdraft balances are repayable on demand and short-term loans are repayable within twelve months. The overdraft balances and short-term loan carries interest rates at market competitive variable rates based on EIBOR plus a spread and are secured against promissory note issued by the Company and certain other securities such as assignment of fire insurance policy over inventory (note 10(a)) and movable property, plant and equipment (note 7(e)) and pledge over inventories (note 10(b)) and a negative pledge over property, plant and equipment (note 7(d)).

Bank overdrafts are considered a form of financing and hence not included as a component of cash and cash equivalents in the interim condensed statement of cash flows.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

15. TRADE AND OTHER PAYABLES

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Trade payables	223,738,385	188,853,078
Dividend payable	25,430,342	25,961,250
Accrued expenses	11,888,490	12,721,892
Advances from customers (note 4.2)	9,121,840	4,192,422
VAT payable	1,244,280	825,388
Other payables	375,219	386,725
	271,798,556	232,940,755
Trade payables (non-current)	-	(577,108)
	271,798,556	232,363,647

16. INCOME TAX

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to a 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to have been substantively enacted for the purposes of accounting for Income Taxes.

Subsequently, the UAE CT Law has been supplemented by a number of Decisions of the Cabinet of Ministers of the UAE (Decisions). Such Decisions and other interpretive guidance of the UAE Federal Tax Authority provide important details relating to the interpretation of the UAE CT Law and are required to fully evaluate the impact of the UAE CT Law on the Company. The Company is subject to the provisions of the UAE CT Law for the three months period ended 31 March 2024.

The major components of income tax credit for the three months period ended 31 March 2024 are:

	<i>31 March 2024 AED (unaudited)</i>
Current tax expense	-
Deferred tax credit	811,489
Income tax credit	811,489

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At 31 March 2024 (unaudited)

16. INCOME TAX (continued)

Reconciliation of tax expense and accounting profit for the three months period ended 31 March 2024 is as follows:

	<i>31 March 2024 AED (unaudited)</i>
Accounting loss before tax	<u>(8,399,826)</u>
At United Arab Emirates' statutory corporate tax rate of 9% (2023: nil)	-
Adjustments for amounts which are non-deductible / (taxable) in calculating taxable income:	
Non-deductible expenses for tax purposes	-
Exempt income	<u>(616,713)</u>
Taxable loss	<u><u>(9,016,539)</u></u>
At the effective income tax rate of 0% (2023: 0%)	<u><u>-</u></u>

Components of deferred tax asset pertains to tax losses carried forward for the three months period ended 31 March 2024 (2023: nil).

17. BASIC AND DILUTED LOSS PER SHARE

	<i>Three months period ended</i>	
	<i>31 March 2024 (unaudited)</i>	<i>31 March 2023 (unaudited)</i>
Loss for the period (in AED)	<u>(7,588,337)</u>	<u>(14,064,520)</u>
Weighted average number of shares	<u>410,548,410</u>	<u>410,548,410</u>
Basic and diluted loss per share (in AED)	<u>(0.02)</u>	<u>(0.03)</u>

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

18. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include the Company's major Shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

18. RELATED PARTY BALANCES AND TRANSACTIONS (continued)**a) Related party transactions**

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

	<i>Three months period ended</i>	
	<i>31 March 2024 AED (unaudited)</i>	<i>31 March 2023 AED (unaudited)</i>
Attendance expenses for Board of Directors and committees' meetings	295,301	247,221

b) Compensation of key management personnel

The remuneration of key management during the period was as follows:

	<i>Three months period ended</i>	
	<i>31 March 2024 AED (unaudited)</i>	<i>31 March 2023 AED (unaudited)</i>
Salaries and other short-term benefits (note below)	946,184	1,211,374
Employees' end of service benefits	50,647	81,020
	996,831	1,292,394

The amounts disclosed in the table above relating to salaries and other short-term benefits are the amounts recognised as an expense during the period related to key management personnel.

19. CONTINGENT LIABILITIES AND COMMITMENTS

	<i>31 March 2024 AED (unaudited)</i>	<i>31 December 2023 AED (audited)</i>
Letters of credit	14,095,771	28,387,370
Letters of guarantee	36,725	36,725

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At 31 March 2024 (unaudited)

20. SEGMENT INFORMATION

The Company is organised into two main business segments:

Manufacturing of all types of cement and investments incorporating investments in marketable equity securities, deposits with banks (excluding current accounts) and investment property.

	<i>Three months period ended 31 March 2024</i>			<i>Three months period ended 31 March 2023</i>		
	<i>Manufacturing</i>	<i>Investments</i>	<i>Total</i>	<i>Manufacturing</i>	<i>Investments</i>	<i>Total</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Segment revenue	113,962,034	-	113,962,034	102,987,078	-	102,987,078
Segment result	(9,188,036)	1,599,699	(7,588,337)	(14,017,704)	(46,816)	(14,064,520)

	<i>31 March 2024</i>			<i>31 December 2023</i>		
	<i>Manufacturing</i>	<i>Investments</i>	<i>Total</i>	<i>Manufacturing</i>	<i>Investments</i>	<i>Total</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Segment assets	845,650,616	21,602,138	867,252,754	824,796,755	20,842,944	845,639,699
Segment liabilities	326,612,782	-	326,612,782	297,553,081	-	297,553,081

There are no transactions between the business segments.

Additional information required by IFRS 8 Segment Reporting relating to geographical segments and major customers are disclosed in note 4.1.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

21. 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 interim 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 2023.

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</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 2024</i> <i>AED (unaudited)</i>	<i>31 December 2023</i> <i>AED (audited)</i>				
Quoted equity investments carried at FVTOCI	1,976,853	1,837,426	Level 1	Quoted bid prices in an active market	None	N/A
Quoted equity instruments carried at FVTPL	11,401,064	11,697,497	Level 1	Quoted bid prices in an active market	None	N/A
	<u>13,377,917</u>	<u>13,534,923</u>				

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 31 March 2024 (unaudited)

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

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 2024 (unaudited)

	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>	<i>Total AED</i>
Investment property	-	-	7,250,000	7,250,000
Investments carried at FVTPL	11,401,064	-	-	11,401,064
Investments carried at FVTOCI: - Quoted equities	1,976,853	-	-	1,976,853
	<u>13,377,917</u>	<u>-</u>	<u>7,250,000</u>	<u>20,627,917</u>

31 December 2023 (audited)

	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>	<i>Total AED</i>
Investment property	-	-	7,250,000	7,250,000
Investments carried at FVTPL	11,697,497	-	-	11,697,497
Investments carried at FVTOCI: - Quoted equities	1,837,426	-	-	1,837,426
	<u>13,534,923</u>	<u>-</u>	<u>7,250,000</u>	<u>20,784,923</u>

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

22. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors and authorised for issue on 15 May 2024.