Gulf Cement Company P.S.C.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

30 SEPTEMBER 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 30 September 2024 which comprise the interim condensed statement of financial position as at 30 September 2024, and the related interim condensed statement of profit or loss and interim condensed statement of comprehensive income for the three months and nine months period then ended, the interim condensed statements of changes in equity and cash flows for the nine 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.

Emphasis of matter

We draw attention to note 1.1 to the interim condensed financial statements which describes that the Company's assessment on going concern is reliant on the continued availability of bank facilities. Our conclusion is not modified in respect of this matter.

For Ernst & Young

Wardah Ebrahim
Registration No.: 1258

12 November 2024

Sharjah, United Arab Emirates

INTERIM CONDENSED STATEMENT OF PROFT OR LOSS
For the three months and nine months ended 30 September 2024 (unaudited)

		Three months period ended		*Nine months period ended*	
	Notes	***30 September 2024 AED***	*30 September 2023 AED*	***30 September 2024 AED***	*30 September 2023 AED*
Revenue	4	**114,583,035**	105,987,759	**332,056,631**	332,097,694
Cost of sales		**(107,311,425)**	(113,441,984)	**(333,883,294)**	(346,109,746)
GROSS PROFIT/ (LOSS)		**7,271,610**	(7,454,225)	**(1,826,663)**	(14,012,052)
Other operating income	6	**4,219,886**	2,956,278	**10,370,475**	9,131,848
Selling, distribution and administrative expenses		**(12,610,730)**	(9,063,154)	**(30,219,756)**	(30,433,175)
OPERATING LOSS		**(1,119,234)**	(13,561,101)	**(21,675,944)**	(35,313,379)
Investment income – net	5	**426,676**	3,447,884	**2,060,508**	3,279,799
Finance costs	7	**(4,301,241)**	(1,827,203)	**(8,716,940)**	(4,181,569)
Notional interest income		**66,159**	-	**104,090**	583,090
LOSS FOR THE PERIOD BEFORE TAX		**(4,927,640)**	(11,940,420)	**(28,228,286)**	(35,632,059)
Income tax expense - net	17	**(811,489)**	-	-	-
LOSS FOR THE PERIOD		**(5,739,129)**	(11,940,420)	**(28,228,286)**	(35,632,059)
Earnings per share (EPS):					
Basic and diluted loss per share	18	**(0.014)**	(0.029)	**(0.069)**	(0.087)

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2024 (unaudited)

	Three months period ended		***Nine months period ended***	
	30 September 2024 AED	*30 September 2023 AED*	***30 September 2024 AED***	*30 September 2023 AED*
Loss for the period	**(5,739,129)**	(11,940,420)	**(28,228,286)**	(35,632,059)
Other comprehensive income/ (loss)				
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods				
Loss on disposal of investments carried at fair value through other comprehensive income (FVTOCI)	**(42,883)**	(23,052)	**(31,238)**	(59,421)
Net change in fair value of investments carried at fair value through other comprehensive income (FVTOCI)	**43,851**	(74,048)	**(22,466)**	(764,944)
Total other comprehensive income/ (loss)	**968**	(97,100)	**(53,704)**	(824,365)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(5,738,161)**	(12,037,520)	**(28,281,990)**	(36,456,424)

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 September 2024 (unaudited)

	Notes	*30 September 2024 AED (unaudited)*	*31 December 2023 AED (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	8	**622,514,515**	634,577,268
Right-of-use asset	20	**2,426,333**	-
Investment property		**7,250,000**	7,250,000
Investments carried at fair value through other comprehensive income (FVTOCI)	10(a)	**1,825,556**	1,837,426
Trade and other receivables	9	**906,061**	1,315,763
Total non-current assets		**634,922,465**	644,980,457
Current assets			
Inventories	11	**134,790,404**	102,955,802
Trade and other receivables	9	**106,310,812**	85,426,080
Investments carried at fair value through profit or loss (FVTPL)	10(b)	**11,794,707**	11,697,497
Bank balances and cash	12	**142,037**	579,863
Total current assets		**253,037,960**	200,659,242
TOTAL ASSETS		**887,960,425**	845,639,699
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**410,548,410**	410,548,410
Reserves	14	**166,482,312**	166,482,312
Fair value reserve	10(a)	**(12,966,026)**	(12,955,211)
Accumulated losses		**(44,260,068)**	(15,988,893)
Total equity		**519,804,628**	548,086,618
Non-current liabilities			
Provision for employees' end of service indemnity		**8,184,467**	8,344,938
Lease liability	20	**1,656,885**	-
Trade and other payables	16	**-**	577,108
Total non-current liabilities		**9,841,352**	8,922,046
Current liabilities			
Bank borrowings	15	**45,493,863**	56,267,388
Trade and other payables	16	**312,345,192**	232,363,647
Lease liability	20	**475,390**	-
Total current liabilities		**358,314,445**	288,631,035
Total liabilities		**368,155,797**	297,553,081
TOTAL EQUITY AND LIABILITIES		**887,960,425**	845,639,699

Sheikh Omar Saqer Khaled Humaid Alqassimi
Chairman of the Board of Directo.

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2024 (unaudited)

	Share capital AED	***Reserves AED***	***Fair value Reserve AED***	***Accumulated losses AED***	***Total AED***
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	-	-	-	(35,632,059)	(35,632,059)
Other comprehensive loss for the period	-	-	(764,944)	(59,421)	(824,365)
Total comprehensive loss for the period	-	-	(764,944)	(35,691,480)	(36,456,424)
Transfer on disposal of investments carried at FVTOCI (note 10(a))	-	-	21,188	(21,188)	-
Balance at 30 September 2023 (unaudited)	410,548,410	348,663,041	(13,017,958)	(182,180,729)	564,012,764
Balance at 1 January 2024	410,548,410	166,482,312	(12,955,211)	(15,988,893)	548,086,618
Loss for the period	-	-	-	(28,228,286)	(28,228,286)
Other comprehensive loss for the period	-	-	(22,466)	(31,238)	(53,704)
Total comprehensive loss for the period	-	-	(22,466)	(28,259,524)	(28,281,990)
Transfer on disposal of investments carried at FVTOCI (note 10(a))	-	-	11,651	(11,651)	-
Balance at 30 September 2024 (unaudited)	**410,548,410**	**166,482,312**	**(12,966,026)**	**(44,260,068)**	**519,804,628**

The accompanying notes 1 to 24 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the nine months ended 30 September 2024 (unaudited)

		Nine months period ended	
	Notes	***30 September 2024 AED***	*30 September 2023 AED*
OPERATING ACTIVITIES			
Loss for the period before tax		**(28,228,286)**	(35,632,059)
Adjustments to reconcile loss to cash flows:			
Depreciation of property, plant and equipment	8	**43,187,871**	45,358,270
Amortisation of right-of-use asset	20	**83,667**	-
Provision for slow-moving inventories	11	**3,268,358**	-
Finance costs		**8,716,940**	4,181,569
Provision for employees' end of service indemnity		**413,615**	606,383
Unrealised gain on investments carried at FVTPL	5	**(327,910)**	(2,795,824)
Provision for expected credit losses	9	**-**	600,000
(Gain)/ loss on sale of investments carried at FVTPL	5	**(131,728)**	85,645
Finance income		**(104,090)**	(583,090)
Interest and dividend income	5	**(1,600,870)**	(569,620)
		25,277,567	11,251,274
Working capital adjustments:			
Trade and other receivables		**(20,370,940)**	(11,252,448)
Inventories		**(35,102,960)**	(23,321,465)
Trade and other payables		**75,634,115**	60,150,810
Cash flows from operations		**45,437,782**	36,828,171
Employees' end of service indemnity paid		**(574,086)**	(471,520)
Finance costs paid		**(4,373,012)**	(4,181,569)
Net cash flows from operating activities		**40,490,684**	32,175,082
INVESTING ACTIVITIES			
Additions to property, plant and equipment	8	**(31,125,118)**	(29,847,460)
Purchase of investments carried at FVTOCI	10	**(251,123)**	(1,139,987)
Proceeds on disposal of investments in securities		**571,717**	1,068,234
Dividends received	5	**1,600,123**	568,490
Interest received	5	**747**	1,130
Net cash flows used in investing activities		**(29,203,654)**	(29,349,593)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		**97,913,086**	109,867,671
Repayments of bank borrowings		**(108,686,611)**	(101,927,644)
Payment of principal portion of lease liability		**(394,000)**	-
Dividends paid		**(557,331)**	(2,643,093)
Net cash flows (used in)/ from financing activities		**(11,724,856)**	5,296,934
NET (DECREASE)/ INCREASE IN BANK BALANCES AND CASH DURING THE PERIOD		**(437,826)**	8,122,423
Bank balances and cash at the beginning of the period	12	**579,863**	3,774,784
BANK BALANCES AND CASH AT THE END OF THE PERIOD	12	**142,037**	11,897,207

The accompanying notes 1 to 24 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 10363325 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 nine months period ended 30 September 2024, the Company incurred a loss of AED 28.2 million and, as of that date, the Company's accumulated losses amounted to AED 44.3 million, and current liabilities exceeded current assets by AED 105.3 million. The Company is facing headwinds amongst others with the changing geopolitical situation, competitive prices mainly as a result of the continuous excess supply pressure which have negatively impacted the operating results.

The Company's gearing ratio is maintained at 9.2% of equity with no long-term borrowings or commitments whereas the current ratio of the Company is also maintained at 0.7x. The Company meets day-to-day working capital and other funding requirements partly through advance cash sales and revolving banking facilities, which include an overdraft facility. The highly concentrated supplier's obligations are satisfied in accordance with the agreed timelines. The Company is in compliant with all bank covenants and other terms of its borrowing agreements during the period and achieved positive earnings before interest, taxes, depreciation, and amortisation (EBITDA, a non-IFRS measure), with an overall EBITDA for the period of AED 23.8 million (30 September 2023: AED 13.9 million).

As at 30 September 2024, the total revolving credit facilities of AED 102 million are sufficient to meet the Company's funding needs. The undrawn borrowing facilities available as at 30 September 2024 is AED 32.5 million (31 December 2023: AED 25.4 million), which indicates that the Company has required liquidity to meet its supplier obligations and other financial commitments and provides a buffer for operational flexibility in the next 12 months.

Management has thoroughly reviewed the detailed projected cash flow forecasts in the next 12 months which considers the following factors:

- Current working capital position and operational requirements;
- Agreed timeline with strategic suppliers;
- Increased rates of machine production and consideration of risks that may impact the levels of production;
- Securing energy sources at competitive price, and consideration for implementation of alternative and renewable energy sources;
- Continuation of current sales contracts and the Company's ability to satisfy these from existing production;
- Continuation of existing pricing mechanism and growth in domestic market;
- Increased proportion of good margin product in diversified sales mix;
- Timing of expected sales receipts including collection from outstanding debtors; and
- Timing and magnitude of maintenance capital expenditures.

These forecasts assume that the Company's production will continue to operate in good order. The Company also anticipates domestic revenue growth through the realisation of existing sales contracts and finding strategic partner through offtake agreements, as well as from newly generated sales in local market.

The Company has also available contingent plans to mitigate the impact of potential downside scenarios if cash receipts from sales are lower than anticipated. These include utilising undrawn borrowing facilities, leveraging existing sale agreements, reviewing capital expenditures, reducing overheads and renegotiation of the terms on its existing suppliers' obligations.

Based on the Company's expectation related to the forecasts and facilities in place, management with its new members of the Board of Directors believe that the Company will be able to meet its obligations as they fall due, and accordingly have formed a judgement that it is appropriate to prepare the interim condensed financial statements on a going concern basis.

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 nine months period ended 30 September 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, the results for the nine months period ended 30 September 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 FVTPL, investments carried at 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 following:

- Adoption of new standards effective as of 1 January 2024;
- Accounting policy for taxes which has been adopted by the Company due to the implementation of UAE corporate income tax (note 17); and
- Accounting policy for leases in relation to the lease agreement entered by the Company (note 20)

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 2024, 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

2.3 Material accounting policy information

Taxes

a) <u>Current income tax</u>

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)

Taxes (continued)

b) <u>Deferred tax</u>

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.

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

2.3 Material accounting policy information (continued)

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset of 5 years.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 largely consistent with those that applied to the audited annual financial statements for the year ended 31 December 2023.

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:

	Three months period ended		***Nine months period ended***	
	30 September 2024 AED (unaudited)	*30 September 2023 AED (unaudited)*	***30 September 2024 AED (unaudited)***	*30 September 2023 AED (unaudited)*
Type of revenue				
Sale of goods	**114,583,035**	105,987,759	**332,056,631**	332,097,694
Geographical markets				
Within UAE	**77,062,947**	42,633,853	**193,651,194**	132,356,184
Outside UAE	**37,520,088**	63,353,906	**138,405,437**	199,741,510
	114,583,035	105,987,759	**332,056,631**	332,097,694
Timing of revenue recognition				
Goods transferred at a point in time	**114,583,035**	105,987,759	**332,056,631**	332,097,694

a) Revenue includes AED 226.8 million that represents 68% of total revenue from 7 customers (nine months period ended 30 September 2023: AED 264.6 million that represents 79.7% of total revenue from 7 customers).

b) The Company's operations experience seasonal variations with certain periods of lower sales due to market conditions.

4.2 Contract balances

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Asset		
Trade receivables (note 9)	**86,117,456**	71,506,364
Liability		
Advances from customers (note 16)	**7,795,092**	4,192,422

4.3 Performance obligations

The performance obligation on sales of goods is satisfied upon delivery and payment is generally due within 150 to 180 days (2023: 150 to 180 days) from delivery of goods.

5. INVESTMENT INCOME - NET

	Three months period ended		*Nine months period ended*	
	30 September 2024 AED (unaudited)	*30 September 2023 AED (unaudited)*	***30 September 2024 AED (unaudited)***	*30 September 2023 AED (unaudited)*
Unrealised gain on investments carried at FVTPL (note 10(b))	**404,678**	3,427,668	**327,910**	2,795,824
Gain/ (loss) on disposal of investments carried at FVTPL	**-**	-	**131,728**	(85,645)
Dividend income	**21,740**	19,759	**1,600,123**	568,490
Interest income	**258**	457	**747**	1,130
	426,676	3,447,884	**2,060,508**	3,279,799

6. OTHER OPERATING INCOME

Other operating income mainly consists of income earned on electricity generated by the Company and distributed to a customer and income from scrap sales amounting to AED 8.2 million (30 September 2023: AED 8.7 million) and AED 2 million for the nine months period ended 30 September 2024 (30 September 2023: AED 0.5 million), respectively.

7. FINANCE COSTS

	Three months period ended		*Nine months period ended*	
	30 September 2024 AED (unaudited)	*30 September 2023 AED (unaudited)*	***30 September 2024 AED (unaudited)***	*30 September 2023 AED (unaudited)*
Interest on overdue payables	**2,799,609**	148,403	**4,113,997**	148,403
Interest on bank borrowings	**1,057,427**	1,308,677	**3,352,518**	3,026,261
Interest on unwinding of long-term payables	**28,770**	68,666	**116,847**	149,461
Interest on lease liability (note 20)	**16,275**	-	**16,275**	-
Bank charges	**399,160**	301,457	**1,117,303**	857,444
	4,301,241	1,827,203	**8,716,940**	4,181,569

8. PROPERTY, PLANT AND EQUIPMENT

a) During the nine months period ended 30 September 2024, additions to property, plant and equipment amounted to AED 31.1 million (30 September 2023: AED 29.8 million) and depreciation for the nine months ended 30 September 2024 amounted to AED 43.2 million (30 September 2023: AED 45.4 million).

b) The factory and its related buildings are constructed on plots of land owned by the Government of Ras Al Khaimah. Management believes that such plots of land will be available on a continued basis.

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 15).

8. PROPERTY, PLANT AND EQUIPMENT (continued)

e) Assignment of fire insurance policy over moveable property, plant and equipment in relation to banking facilities obtained by the Company (note 15).

f) During the nine months period ended 30 September 2024, no impairment losses (30 September 2023: AED nil) has been recognised against property, plant and equipment ("PPE"), to adjust the carrying value to its recoverable amount. The Company performs its annual impairment test in December every year or when circumstances indicate that the carrying value may be impaired. The Company's impairment test for property and equipment is based on value-in-use calculations. The key assumptions used to determine the recoverable amount were disclosed in the audited annual financial statements for the year ended 31 December 2023.

A history of recurrent gross and net losses has led to indicators of impairment of property, plant and equipment. Given that the Company's business performance for the nine months period ended 30 September 2024 aligns with the forecast used in the impairment test of last year, no interim impairment exercise has been conducted during the nine months period ended 30 September 2024.

9. TRADE AND OTHER RECEIVABLES

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Trade receivables	**90,046,479**	75,435,388
Less: provision for expected credit losses (note (b))	**(3,929,024)**	(3,929,024)
	86,117,455	71,506,364
Prepaid expenses	**3,631,902**	1,662,676
Advances to suppliers	**6,155,158**	3,899,298
Other receivables	**9,906,297**	7,871,534
Relating to receivable from sale of an associate	**1,406,061**	1,801,971
	107,216,873	86,741,843
Relating to receivable from sale of an associate due after one year	**(906,061)**	(1,315,763)
	106,310,812	85,426,080

a) Trade receivables amounting to AED 30.2 million (31 December 2023: AED 32.4 million) are fully covered by either unconditional bank guarantees or letter of credit from the customers.

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

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Balance at the beginning of the period/ year	**3,929,024**	4,049,551
Reversal for the period/ year	**-**	(120,527)
Balance at the end of the period/ year	**3,929,024**	3,929,024

10. INVESTMENT IN SECURITIES

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

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Quoted	**1,949,076**	1,950,131
Unquoted	**12,842,506**	12,842,506
Total gross investments at FVTOCI at cost	**14,791,582**	14,792,637
Less: accumulated fair value reserve, net	**(12,966,026)**	(12,955,211)
Fair value of investments	**1,825,556**	1,837,426

The geographical spread of the above investments is as follows:

	30 September 2024 (unaudited)			*31 December 2023 (audited)*		
	Concentration percentage on fair value	***Cost AED***	***Fair value AED***	*Concentration percentage on fair value*	*Cost AED*	*Fair value AED*
Other GCC countries	**100%**	**14,791,582**	**1,825,556**	100%	14,792,637	1,837,426

The cumulative change in fair value of investments carried at FVTOCI amounted to negative AED 13.0 million as at 30 September 2024 (31 December 2023: negative AED 13.0 million) and is shown under equity. During the nine months period ended 30 September 2024, the Company has transferred cumulative loss of AED 11,651 (30 September 2023: AED 21,188) 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 0.2 million (30 September 2023: AED 0.7 million) resulting to a loss of AED 31,238 (30 September 2023: loss of AED 0.06 million) which is shown in the interim condensed statement of comprehensive income.

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.

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

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
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	**(3,914,413)**	(4,680,377)
Fair value of investments	**11,794,707**	11,697,497

10. INVESTMENT IN SECURITIES (continued)

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

The geographical spread of the above investments is as follows:

	30 September 2024 (unaudited)			*31 December 2023 (audited)*		
	Concentration percentage on fair value	***Cost AED***	***Fair value AED***	*Concentration percentage on fair value*	*Cost AED*	*Fair value AED*
UAE	**100%**	**7,409,192**	**11,794,707**	100%	8,077,946	11,697,497
Other GCC countries	**0%**	**8,299,928**	**-**	0%	8,299,928	-
	100%	**15,709,120**	**11,794,707**	100%	16,377,874	11,697,497

Movement in investment in securities is as follows:

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Fair value of investments at the beginning of the period/ year	**13,534,923**	12,138,203
Additions made during the period/year	**251,123**	1,431,866
Disposals made during the period/ year	**(471,227)**	(1,543,599)
Unrealised gain on revaluation of investments carried at FVTPL (note 5)	**327,910**	2,213,736
Change in the fair value of investments carried at FVTOCI	**(22,466)**	(705,283)
Fair value of investments at the end of the period/ year	**13,620,263**	13,534,923

11. INVENTORIES

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Finished goods	**5,923,238**	9,719,041
Raw materials	**9,611,290**	7,012,981
Work in progress	**63,887,146**	30,246,825
Bags, fuel and lubricants	**36,823,105**	34,779,988
Spare parts	**25,040,476**	23,744,528
Consumable items	**9,344,183**	10,041,480
Tools	**454,879**	436,514
	151,084,317	115,981,357
Less: provision for slow-moving inventories (note (a))	**(16,293,913)**	(13,025,555)
	134,790,404	102,955,802

11. INVENTORIES (continued)

a) Movement in provision for slow-moving inventories during the period is as follows:

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Balance at the beginning of the period/ year	**13,025,555**	13,025,555
Charge for the period/ year	**3,268,358**	-
Balance at the end of the period/ year	**16,293,913**	13,025,555

b) Assignment of fire insurance policy over inventories in relation to banking facilities obtained by the Company (note 15).

c) Inventories are pledged against banking facilities obtained by the Company (note 15).

12. BANK BALANCES AND CASH

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Cash in hand	**10,405**	26,593
Bank balances:		
Current accounts	**71,336**	495,249
Call deposits (note below)	**60,296**	58,021
Total bank balances	**131,632**	553,270
	142,037	579,863

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

13. SHARE CAPITAL

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Issued and fully paid:		
410,548,410 ordinary shares of AED 1 each	**410,548,410**	410,548,410

14. 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.

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.

15. BANK BORROWINGS

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Bank overdraft facilities	**5,348,065**	8,214,414
Short-term loans	**40,145,798**	48,052,974
	45,493,863	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 loans carry interest rates at 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 11(b)), movable property, plant and equipment (note 8(e)) and pledge over inventories (note 11(c)) and a negative pledge over property, plant and equipment (note 8(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.

16. TRADE AND OTHER PAYABLES

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Trade payables	**261,913,643**	188,520,735
Dividend payable	**25,403,919**	25,961,250
Accrued expenses	**11,197,078**	12,564,424
Advances from customers (note 4)	**7,795,092**	4,192,422
Interest payable	**4,700,617**	489,811
VAT payable	**827,074**	825,388
Other payables	**507,769**	386,725
	312,345,192	232,940,755
Trade payables (non-current)	**-**	(577,108)
	312,345,192	232,363,647

17. 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 nine months period ended 30 September 2024.

The Company recognised deferred tax asset of AED 811,489 which pertains to the tax losses carried forward for the three months period ended 31 March 2024. As of 30 September 2024, management has reversed the full amount as it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred income tax assets to be utilised.

Reconciliation of tax expense and accounting profit for the nine months period ended 30 September 2024 is as follows:

	30 September 2024 ***AED*** ***(unaudited)***
Accounting loss before tax	**(28,228,286)**
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	**(616,713)**
Taxable loss	**(28,844,999)**
At the effective income tax rate of 0% (2023: 0%)	**-**

18. BASIC LOSS PER SHARE

	Three months period ended		***Nine months period ended***	
	30 September 2024 ***AED*** ***(unaudited)***	*30 September 2023* *AED* *(unaudited)*	***30 September 2024*** ***AED*** ***(unaudited)***	*30 September 2023* *AED* *(unaudited)*
Loss for the period	**(5,739,129)**	(11,940,420)	**(28,228,286)**	(35,632,059)
Weighted average number of shares	**410,548,410**	410,548,410	**410,548,410**	410,548,410
Basic loss per share	**(0.014)**	(0.029)	**(0.069)**	(0.087)

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

19. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

	Three months period ended		***Nine months period ended***	
	30 September 2024 AED (unaudited)	*30 September 2023 AED (unaudited)*	***30 September 2024 AED (unaudited)***	*30 September 2023 AED (unaudited)*
Attendance expenses for Board of Directors and Committees' meetings	**266,335**	245,833	**768,342**	808,695

The Company has entered into significant related party transactions (e.g. purchase of goods and sale of electricity) with affiliates of Ras Al Khaimah Government (a shareholder). Disclosure required as per para 18 of IAS 24 'Related Party Disclosures' on the balances and transactions along with nature of those transactions with such affiliate entities is not made by applying exemption as per para 25 of IAS 24 'Related Party Disclosures'.

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

	Three months period ended		***Nine months period ended***	
	30 September 2024 AED (unaudited)	*30 September 2023 AED (unaudited)*	***30 September 2024 AED (unaudited)***	*30 September 2023 AED (unaudited)*
Salaries and other short-term benefits (note below)	**1,106,297**	895,022	**3,104,373**	3,162,138
Employees' end of service benefits	**59,007**	78,202	**177,022**	234,607
	1,165,304	973,224	**3,281,395**	3,396,745

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.

20. LEASES

Company as a lessee

a) The Company has a lease contract for use of plant and machinery for its operations with lease term of four years.

b) The Company also has certain lease with lease term of 12 months or less. The Company applies the 'short-term lease' recognition exemption for this lease.

c) Set out below is the carrying amount of right-of-use asset recognised and the movements during the period:

	30 September 2024 AED (unaudited)
Balance at the beginning of the period	**-**
Additions during the period	**2,510,000**
Amortised during the period	**(83,667)**
Balance at the end of the period	**2,426,333**

20 LEASES (continued)

d) Set out below is the carrying amount of lease liability recognised and the movements during the period:

	30 September 2024 AED (unaudited)
Balance at the beginning of the period	**-**
Additions during the period	**2,510,000**
Accretion of interest during the period	**16,275**
Payment during the period	**(394,000)**
Balance at the end of the period	**2,132,275**
Classified as:	
Current liabilities	**475,390**
Non-current liabilities	**1,656,885**
	2,132,275

e) Following are the amounts recognised in the interim condensed statement of profit or loss for the nine months period ended 30 September 2024:

	30 September 2024 AED (unaudited)
Amortisation of right-of-use asset	**83,667**
Interest on lease liability	**16,275**
Expense relating to short-term lease	**1,312,234**
	1,412,176

21. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2024 AED (unaudited)	*31 December 2023 AED (audited)*
Letters of credit	**25,079,407**	28,387,370
Letters of guarantee	**36,725**	36,725

22. 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 properties.

	Nine months period ended 30 September 2024			*Nine months period ended 30 September 2023*		
	Manufacturing	***Investments***	***Total***	*Manufacturing*	*Investments*	*Total*
	AED	***AED***	***AED***	*AED*	*AED*	*AED*
	(unaudited)	***(unaudited)***	***(unaudited)***	*(unaudited)*	*(unaudited)*	*(unaudited)*
Segment revenue	**332,056,631**	**-**	**332,056,631**	332,097,694	-	332,097,694
Segment result	**(30,288,794)**	**2,060,508**	**(28,228,286)**	(38,911,858)	3,279,799	(35,632,059)

	As at 30 September 2024			*As at 31 December 2023*		
	Manufacturing	***Investments***	***Total***	*Manufacturing*	*Investments*	*Total*
	AED	***AED***	***AED***	*AED*	*AED*	*AED*
	(unaudited)	***(unaudited)***	***(unaudited)***	*(audited)*	*(audited)*	*(audited)*
Segment assets	**867,029,868**	**20,930,559**	**887,960,425**	824,796,755	20,842,944	845,639,699
Segment liabilities	**368,155,797**	**-**	**368,155,797**	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.

23. 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. 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. 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 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.

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:

	Fair value					
Financial Assets	***30 September 2024 AED (unaudited)***	*31 December 2023 AED (audited)*	***Fair value hierarchy***	***Valuation techniques and key inputs***	***Significant unobservable input***	***Relationship of unobservable inputs to fair value***
Quoted equity investments carried at FVTOCI	**1,825,556**	1,837,426	Level 1	Quoted bid prices in an active market	None	N/A
Quoted equity instruments carried at FVTPL	**11,794,707**	11,697,497	Level 1	Quoted bid prices in an active market	None	N/A
	13,620,263	13,534,923				

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.

23. FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)
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.

30 September 2024 (unaudited)

	Level 1 AED	***Level 2 AED***	***Level 3 AED***	***Total AED***
Investment property	**-**	**-**	**7,250,000**	**7,250,000**
Investments carried at FVTPL	**11,794,707**	**-**	**-**	**11,794,707**
Investments carried at FVTOCI				
- Quoted equities	**1,825,556**	**-**	**-**	**1,825,556**
	13,620,263	**-**	**7,250,000**	**20,870,263**

31 December 2023 (audited)

	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
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
	13,534,923	-	7,250,000	20,784,923

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.

24. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved by the Board of Directors and authorised for issue on 12 November 2024.