

Gulf Cement Company P.S.C.

Unaudited Interim Condensed
Financial Information

For the three-month period ended 31 March 2025

Gulf Cement Company P.S.C.

**Unaudited interim condensed financial information
For the three months period ended 31 March 2025**

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Review Report on Interim Condensed Financial Information
To the Shareholders of Gulf Cement Company P.S.CT +971 6 525 9691
F +971 6 525 9690www.granthornton.ae**Introduction**

We have reviewed the accompanying interim condensed financial position of Gulf Cement Company P.S.C. (the "Company") as at 31 March 2025 and the related interim condensed statement of profit or loss and interim condensed statement of comprehensive income, the interim condensed statements of changes in equity and interim condensed statement of cash flows for the three months period then ended and explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 information are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of Matter

We draw attention to note 1.1 to the interim condensed financial information 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.

Other Matters

- i. The interim condensed financial information of the Company for the three-month period ended 31 March 2024 was reviewed by another auditor who expressed an unmodified conclusion on that interim condensed financial information on 15 May 2024.
- ii. The financial statements of the company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 17 February 2025.

GRANT THORNTON UAE
Anand Prabhu
Registration No: 5567
Sharjah, United Arab Emirates
**May 13, 2025**

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Interim condensed statement of profit or loss
For the three months period ended 31 March 2025

	Notes	<i>Three months ended</i>	
		31 March 2025	31 March 2024
		AED	AED
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue from contract with customers	4	139,963,897	113,962,034
Cost of sales		(140,144,718)	(115,016,028)
Gross loss		(180,821)	(1,053,994)
Other operating income	5	3,358,558	2,300,384
Selling, general and administrative expenses		(13,864,480)	(9,715,108)
Other income		1,070,197	657,823
Operating loss for the period		(9,616,546)	(7,810,895)
Investment income - net	6	1,817,425	1,599,699
Finance costs		(2,881,367)	(2,226,561)
Finance income		-	37,931
Loss for the period before tax		(10,680,488)	(8,399,826)
Income tax credit	18	-	811,489
Loss for the period after tax		(10,680,488)	(7,588,337)
Earnings per share (EPS):			
Basic and diluted loss per share	19	(0.03)	(0.02)

The accompanying notes 1 to 23 form an integral part of these interim condensed financial information

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Interim condensed statement of comprehensive income
For the three months period ended 31 March 2025

	Note	<i>Three months ended</i>	
		31 March 2025	31 March 2024
		AED	AED
		(Unaudited)	(Unaudited)
Loss for the period after tax		(10,680,488)	(7,588,337)
Other comprehensive income:			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
Gain on disposal of investments carried at fair value through other comprehensive income (FVTOCI)		-	4,005
Net change in fair value of investments carried at fair value through other comprehensive income (FVTOCI)	9(a)	182,238	137,686
Total other comprehensive income		182,238	141,691
Total comprehensive loss for the year		(10,498,250)	(7,446,646)

The accompanying notes 1 to 23 form an integral part of these interim condensed financial information

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Interim condensed statement of financial position
As at 31 March 2025

	Notes	31 March 25 AED (Unaudited)	31 December 2024 AED (Audited)
Assets			
Non-current			
Property, plant and equipment	7	604,039,856	615,709,065
Right of use asset	8(a)	2,175,333	2,300,833
Investment property	22	7,936,000	7,936,000
Investments carried at fair value through other comprehensive income (FVTOCI)	9(a)	2,026,482	1,844,244
Trade and other receivables	11	906,061	897,902
		617,083,732	628,688,044
Current			
Inventories	10	101,829,876	106,610,996
Trade and other receivables	11	121,102,737	114,806,984
Investments carried at fair value through profit or loss (FVTPL)	9(b)	14,487,207	13,664,856
Bank balances and cash	12	2,259,366	347,012
		239,679,186	235,429,848
Total assets		856,762,918	864,117,892
Equity and liabilities			
Equity			
Share capital	13	410,548,410	410,548,410
Reserves	14	166,482,312	166,482,312
Fair value reserve	9(a)	(12,765,100)	(12,947,338)
Accumulated losses		(68,163,488)	(57,483,000)
Total equity		496,102,134	506,600,384
Liabilities			
Non-current			
Provision for employees' end of service indemnity		8,187,154	7,877,614
Lease liability	8(b)	1,402,720	1,531,227
		9,589,874	9,408,841
Current			
Bank borrowings	15	41,803,257	37,469,657
Trade and other payables	16	308,770,466	310,152,844
Lease liability	8(b)	497,187	486,166
		351,070,910	348,108,667
Total liabilities		360,660,784	357,517,508
Total equity and liabilities		856,762,918	864,117,892



Sheikh Omar Saqer Khaled Humaid Alqassimi
Chairman of Board of Directors

The accompanying notes 1 to 23 form an integral part of these interim condensed financial information

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Interim condensed statement of changes in equity
For the three months ended 31 March 2025

	Share capital AED	Reserves AED	Fair value reserve AED	Accumulated losses AED	Total equity AED
Balance at 1 January 2025 (audited)	410,548,410	166,482,312	(12,947,338)	(57,483,000)	506,600,384
Loss for the period	-	-	-	(10,680,488)	(10,680,488)
Other comprehensive income for the period	-	-	182,238	-	182,238
Total comprehensive loss for the period	-	-	182,238	(10,680,488)	(10,498,250)
Balance at 31 March 2025 (unaudited)	410,548,410	166,482,312	(12,765,100)	(68,163,488)	496,102,134

	Share capital AED	Reserves AED	Fair value reserve AED	Accumulated losses AED	Total equity AED
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

The accompanying notes 1 to 23 form an integral part of these interim condensed financial information

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Interim Condensed Statement of cash flows
For the three months period ended 31 March 2025

		<i>Three months period ended</i>	
		31 March 2025	31 March 2024
	Notes	AED	AED
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
OPERATING ACTIVITIES			
Loss for the period before tax		(10,680,488)	(8,399,826)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	7	14,841,307	13,981,610
Amortisation of Right of use asset	8(a)	125,500	-
Finance costs		2,881,367	2,226,561
Provision for employees' end of service indemnity		330,137	136,717
Unrealised (gain) / loss on investments carried at FVTPL	6	(822,351)	65,733
Gain on sale of investments carried at FVTPL	6	-	(131,729)
Dividend income	6	(994,699)	(1,533,521)
Finance income		(375)	(38,113)
		5,680,398	6,307,432
<i>Net changes in working capital:</i>			
Trade and other receivables		(6,303,912)	(10,991,679)
Inventories		4,781,120	(18,167,251)
Trade and other payables		(3,726,859)	39,339,646
		430,747	16,488,148
<i>Cash generated from operating activities</i>		(20,597)	(196,225)
Net cash flows generated from operating activities		410,150	16,291,923
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(3,172,098)	(4,819,529)
Purchase of investments carried at FVTOCI		-	(59,406)
Proceeds on disposal of investments in securities		-	424,099
Dividends received	6	994,699	1,533,521
Interest received	6	375	182
		(2,177,024)	(2,921,133)
Net cash flows used in investing activities			
FINANCING ACTIVITIES			
Proceeds from bank borrowings		33,817,432	37,388,546
Repayment of bank borrowings		(29,483,832)	(47,127,138)
Repayment of finance lease liability		(117,486)	-
Finance cost paid		(531,686)	(2,177,498)
Dividends paid		(5,200)	(530,908)
		3,679,228	(12,446,998)
Net cash flows from / (used in) financing activities		1,912,354	923,792
Net change in cash and cash equivalents		347,012	579,863
Cash and cash equivalents as at the beginning of year		347,012	579,863
Cash and cash equivalents as at the end of the year	12	2,259,366	1,503,655

The accompanying notes 1 to 23 form an integral part of these interim condensed financial information

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information
For the three months period ended 31 March 2025

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.

Subsequent to the reporting period, TC MENA Holdings Ltd ("TCM"), a subsidiary of Buzzi S.p.A. (an Italian public company listed on the Italian stock exchange and the ultimate parent entity holding 90% of TCM), following the mandatory tender offer approved by the UAE Securities and Commodities Authority (SCA) and shareholders in their annual general meeting held on 17 April 2025 completed acquisition of a controlling stake of Gulf Cement Company PJSC ("the Company") by Effective May 8, 2025. This transaction resulted in a change of control, with Buzzi S.p.A. becoming the ultimate controlling party. Post-acquisition, Gulf Cement Company PJSC ("the Company") will leverage strategic synergies to enhance operational efficiency, expand market reach, and accelerate sustainable growth.

1.1 Assessment of going concern assumption

During the period ended 31 March 2025, the Company incurred a loss of AED 10.68 million and, as of that date, the Company's accumulated losses amounted to AED 68.1 million, and current liabilities exceeded current assets by AED 111.4 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 Company meets day-to-day working capital and other funding requirements through advance cash sales, maintaining optimum inventory level, strong credit control management 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 ended March 31, 2025, and maintained its track record of positive earnings before interest, taxes, depreciation, and amortisation (EBITDA, a non-IFRS measure), with an overall EBITDA for the period ended 31 March 2025 of AED 7.2 million (31 March 2024: AED 7.8 million).

As at 31 March 2025, the total revolving credit facilities of AED 112 million are sufficient to meet the Company's funding needs. The undrawn borrowing facilities available as at 31 March 2025 are AED 31.5 million (31 December 2024: AED 40.8 million), which indicates that the Company has required liquidity to meet its supplier obligations and other financial commitments and provides a strong buffer for operational flexibility in the next 12 months. Historically, the Company's utilisation of these facilities has consistently ranged between 50% and 60%, reflecting a prudent approach to liquidity management. Even in the unlikely event of a 20% decrease in the total limit, the Company's ability to continue as a going concern in the next 12 months would remain unaffected in view of the stable cash flows, conservative utilisation levels, and a concentration of trade payables with related parties.

The Company's gearing ratio increased to 8.8% of equity (2024: 7.8%) with no long-term borrowings or commitments whereas the current ratio of the Company is also maintained at 0.7x.

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 any risks that may impact on the levels of production;
- Securing energy sources at competitive price, and consideration for implementation of alternative and renewable energy sources;

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

1. Corporate information (continued)

1.1 Assessment of going concern assumption (continued)

- 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;
- Timing and magnitude of maintenance capital expenditures; and
- The Company's level of indebtedness and the timing of when these liabilities are due.

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 information on a going concern basis.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

The interim condensed financial statements of the Company for the three months period ended 31 March 2025 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 2024. In addition, results for the three months period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

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 information 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 information are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025.

- Lack of Exchangeability (Amendments to IAS 21)

This amendment did not have a significant impact on this interim condensed financial information, and therefore, the disclosures have not been made.

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

2. Basis of preparation and material accounting policies (continued)

2.3 Standards, amendments and interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

Other standards, amendments and interpretations that are not yet effective and have not been early adopted by the Company include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and 9)
- Annual improvements to IFRS Accounting Standards - Volume 11
- IFRS 19 Subsidiaries without Public Accountability: Disclosures
- IFRS 18 'Presentation and Disclosures in Financial Statements

IFRS 18 introduces new presentation and disclosure requirements of additional totals in the statement of profit or loss, a new note which discloses management-defined performance measures and enhancements to the requirements for aggregation and disaggregation. Management is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's interim condensed financial information. These remaining above standards, amendments and interpretations are not expected to have a significant impact on the interim condensed financial information in the period of initial application and therefore no disclosures have been made.

3. Critical accounting judgements & key sources of estimates uncertainty

The preparation of interim condensed financial information 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 this interim condensed financial information, the significant judgements and estimated 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 2024.

Judgements

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Estimates

Allowance for expected credit losses

Loss allowance for financial assets is based as assumptions about rise of default and expected loss rates. The Company uses judgement in making this assumption and selecting the impacts to the impairment calculation, based on the Company's past history, existing market conditions as well as forward, looking estimates at the end of each reporting period.

Residual values and useful lives of property and equipment

The Company has carried out a review of the residual values and useful lives of asset after considering the expected usage of the asset, physical wear and tear technical or commercial obsolescence. Management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

3. Critical accounting judgements & key sources of estimates uncertainty (continued)

Estimates (continued)

Impairment of inventories

Impairment of inventories reflects estimates of losses arising from the presence of slow-moving items in the inventories. The charge is based on management discretion after analysing the inventory movement. Changes to the estimated provision may be required if the item of inventory already provided for is sold.

4. Revenue from contract 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>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Type of revenue		
Sale of goods	139,963,897	113,962,034
Geographical markets		
Within UAE	75,141,200	53,543,033
Outside UAE	64,822,697	60,419,001
	<u>139,963,897</u>	<u>113,962,034</u>
	<i>Three months period ended</i>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Timing of revenue recognition		
Goods transferred at a point in time	139,963,897	113,962,034

Revenue includes AED 88.8 million which represents 63% of total revenue from 7 customers (three months period ended 31 March 2024: AED 79.9 million which represents 70% of total revenue from 7 customers).

4.2 Contract balances

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Asset		
Trade receivables (note 11)	104,310,367	97,755,538
Liability		
Advances from customers (note 16)	10,961,360	13,377,660

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

4. Revenue from contracts with customers (continued)

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 (2024: 150 to 180 days) from delivery.

5. 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 2025 amounted to AED 3.3 million (31 March 2024: AED 2.3 million).

6. Net Investment Income

	<i>Three months period ended</i>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Unrealised Gain / (loss) on investments carried at FVTPL (note 9(b))	822,351	(65,733)
Gain on disposal of investments carried at FVTPL	-	131,729
Dividend income	994,699	1,533,521
Interest income	375	182
	1,817,425	1,599,699

7. Property, plant and equipment

- a) During the three months period ended 31 March 2025, additions to property, plant and equipment amounted to AED 3.17 million (31 March 2023: AED 4.82 million) and depreciation for the three months period ended 31 March 2025 amounted to AED 14.84 million (31 March 2024: AED 13.98 million).
- 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 15).
- e) Assignment of fire insurance policy over moveable property, plant and equipment in relation to banking facilities obtained by the Company (note 15).

8. Leases and right-of-use-asset

Company as a lessee

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

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

8. Leases and right-of-use-asset (continued)

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

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Balance at the beginning of the year	2,300,833	-
Additions during the period/year	-	2,510,000
Amortised during the period/year	(125,500)	(209,167)
Balance at the end of the period/year	<u>2,175,333</u>	<u>2,300,833</u>

- b) Set out below is the carrying amount of lease liability recognised and the movements during the year/period:

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Balance at the beginning of the year	2,017,393	-
Additions during the period/ year	-	2,510,000
Accretion of interest during the period/ year	44,514	63,393
Payment during the period/year	(162,000)	(556,000)
Balance at the end of the period/year	<u>1,899,907</u>	<u>2,017,393</u>

Classified as:

Current liabilities	497,187	486,166
Non-current liabilities	<u>1,402,720</u>	<u>1,531,227</u>
	<u>1,899,907</u>	<u>2,017,393</u>

- c) Following are the amounts recognised in the statement of profit or loss for the period ended 31 March 2025:

	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Amortisation of right-of-use asset	125,500	-
Interest on lease liability	44,514	-
Expense relating to short-term lease	425,022	-
	<u>595,036</u>	<u>-</u>

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

9. Investment in securities

a) Investments carried at FVTOCI

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Quoted	1,949,077	1,949,077
Unquoted	12,842,505	12,842,505
Total gross investments at FVTOCI at cost	14,791,582	14,791,582
Less: accumulated fair value reserve, net	(12,765,100)	(12,947,338)
Fair value of investments	2,026,482	1,844,244

The geographical spread of the above investments is as follows:

	31 March 2025 (unaudited)			31 December 2024 (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	2,026,482	100%	14,791,582	1,844,244

The cumulative change in fair value of investments carried at FVTOCI amounted to negative AED 12.76 million as at 31 March 2025 (31 December 2024: negative AED 12.94 million) and is shown under equity. During the three months period ended 31 March 2025, the Company has transferred cumulative gain of AED NIL (31 March 2024: cumulative gain of AED 1,060) from fair value reserve to accumulated losses arising from the disposal of investments carried at FVTOCI.

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 FVTPL

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Quoted		
Opening balance	13,664,856	11,466,797
Changes in fair value	822,351	2,198,059
Closing balance	14,487,207	13,664,856
Unquoted		
Opening balance	-	-
Total	14,487,207	13,664,856

Gulf Cement Company P.S.C.
Interim condensed financial information (unaudited)

Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

9. Investment in securities (continued)

b) Investments carried at FVTPL (continued)

The geographical spread of the above investments is as follows:

	31 March 2025 (Unaudited)			31 December 2024 (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	14,487,207	100%	7,409,192	13,664,856
Other GCC Countries	-	8,299,928	-	-	8,299,928	-
	100%	15,709,120	14,487,207	100%	15,709,120	13,664,856

Movement in investment in securities were as follows:

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Fair value of investments at the beginning of the period / year	15,509,100	13,534,923
Additions made during the period / year	-	251,124
Disposals made during the period / year	-	(471,228)
Change in the fair value of investments carried at FVTPL (note 6)	822,351	2,198,059
Change in the fair value of investments carried at FVTOCI	182,238	(3,778)
Fair value of investments at the end of the period / year	16,513,689	15,509,100

10. Inventories

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Finished goods	10,147,010	9,623,268
Raw materials	9,541,890	8,662,483
Work in progress	34,532,327	34,998,424
Bags, fuel and lubricants	23,697,050	31,024,104
Spare parts	27,192,307	26,043,373
Consumable items	11,399,726	10,951,860
Tools	473,985	461,903
	116,984,295	121,765,415
Less: provision for slow-moving inventories	(15,154,419)	(15,154,419)
	101,829,876	106,610,996

- a) Assignment of fire insurance policy over inventories in relation to banking facilities obtained by the Company (note 15).
- b) Inventories are pledged against banking facilities obtained by the Company (note 15).

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Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

11. Trade and other receivables

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Trade receivables	107,145,169	100,590,340
Less: provision for expected credit losses (note (b))	(2,834,802)	(2,834,802)
	<u>104,310,367</u>	<u>97,755,538</u>
Prepayments	2,643,611	3,547,780
Advance to suppliers	6,660,129	6,484,440
Other receivables	6,988,630	6,511,067
Relating to receivable from sale of an associate	1,406,061	1,406,061
	<u>122,008,798</u>	<u>115,704,886</u>
Relating to receivable from sale of an associate due after one year	(906,061)	(897,902)
	<u>121,102,737</u>	<u>114,806,984</u>

- a) Trade receivables amounting to AED 32.7 million (31 December 2024: AED 31.4 million) are fully covered by unconditional bank guarantees or letter of credit from the customers to secure the collectability of these trade receivables.
- b) Movement in provision for expected credit losses during the period was as follows:

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Balance at the beginning of the period / year	2,834,802	3,929,024
Charge for the period / year	-	(1,094,222)
Balance at the end of the period / year	<u>2,834,802</u>	<u>2,834,802</u>

12. Bank balances and cash

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Cash on hand	<u>10,953</u>	<u>24,119</u>
Bank balances:		
Current accounts	2,210,140	281,320
Call deposits	38,273	41,573
Total bank balances	<u>2,248,413</u>	<u>322,893</u>
Total cash and bank balance	<u>2,259,366</u>	<u>347,012</u>

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

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Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

13. Share capital

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Authorised, 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.

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.

As at 31 March 2025, 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.

15. Bank borrowings

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Bank overdraft facilities	5,762,423	8,830,331
Short term loan	36,040,834	28,639,326
	41,803,257	37,469,657

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.

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Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

16. Trade and other payables

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Trade payables	253,785,506	255,085,983
Dividend payable	25,380,372	25,385,572
Accrued expenses	9,038,026	9,480,297
Advances from customers (note 4.2)	10,961,360	13,377,660
Interest payable	7,577,314	5,461,491
VAT payable	1,381,559	836,336
Other payables	646,329	525,505
	308,770,466	310,152,844

17. 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.

a) Related party transactions

	<i>Three months period ended</i>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Revenue		
RAKNOR LLC (an affiliate)	2,488,555	3,160,151
Other operating income		
Stevin Rock LLC (an affiliate)	3,358,558	2,300,384
Purchases		
RAK Rock LLC (an affiliate)	15,456,064	11,801,055
RAK Gas LLC (an affiliate)	39,342,131	76,586,502
	54,798,195	88,387,557
Attendance expenses		
Board of Directors and committees' meetings	215,640	295,301

Balances with related parties included in the statement of financial position are as follows:

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Trade and other receivables		
Stevin Rock LLC (an affiliate)	5,208,462	6,110,998
RAKNOR LLC (an affiliate)	2,464,805	3,556,370
	7,673,267	9,667,368

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Gulf Cement Company P.S.C.
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Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

17 Related party balances and transactions (continued)

a) Related party transactions (continued)

Balances with related parties included in the interim condensed statement of financial position (continued)

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Trade and other payables		
RAK Rock LLC (an affiliate)	(17,876,544)	(13,480,990)
RAK Gas LLC (an affiliate)	(148,901,012)	(175,127,958)
	<u>(166,777,556)</u>	<u>(188,608,948)</u>

b) Compensation of key management personnel

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

	<i>Three months period ended</i>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Salaries and other short-term benefits	1,220,891	946,184
Employees' end of service benefits	33,364	50,647
	<u>1,254,255</u>	<u>996,831</u>

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.

18. 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 year ended 31 December 2024. Reconciliation of tax expense and accounting loss for the period ended 31 March is on next page:

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Notes to the interim condensed financial information (continued)
For the three months period ended 31 March 2025

18. Income tax (continued)

	<i>Three months period ended</i>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Current tax expense	-	-
Deferred tax credit	-	811,489
Income tax credit	-	811,489

	<i>Three months period ended</i>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Accounting loss before tax	(10,680,488)	(8,399,826)
At United Arab Emirates' statutory corporate tax rate of 9%		
Adjustments for amounts which are non-deductible / (taxable) in calculating taxable income:		
Non-deductible expenses for tax purposes	-	-
Exempt income	(994,699)	(616,713)
Taxable loss	(11,675,187)	(9,016,539)
At the effective income tax rate of 0%	-	-

19. Basic and diluted loss per share

	<i>Three months period ended</i>	
	31 March 2025 AED (unaudited)	31 March 2024 AED (unaudited)
Loss for the period (in AED)	(10,680,488)	(7,588,337)
Weighted average number of shares	410,548,410	410,548,410
Basic and diluted loss per share (in AED)	(0.03)	(0.02)

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

Gulf Cement Company P.S.C.
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Notes to the interim condensed financial information
For the three months period ended 31 March 2025

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.

	Three months period ended 31 March 2025			Three months period ended 31 March 2024		
	Manufacturing	Investments	Total	Manufacturing	Investments	Total
	AED	AED	AED	AED	AED	AED
Segment revenue	139,963,897	-	139,963,897	113,962,034	-	113,962,034
Segment result	(12,497,913)	1,817,425	(10,680,488)	(9,188,036)	1,599,699	(7,588,337)
	31 March 2025			31 December 2024		
	Manufacturing	Investments	Total	Manufacturing	Investments	Total
	AED	AED	AED	AED	AED	AED
Segment assets	832,274,956	24,487,962	856,762,918	840,631,219	23,486,673	864,117,892
Segment liabilities	360,660,784	-	360,660,784	357,517,508	-	357,517,508

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.

Gulf Cement Company P.S.C.
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Notes to the interim condensed financial information
For the three months period ended 31 March 2025

21. Contingent liabilities and commitments

	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)
Letters of credit	42,018,366	33,629,127
Letters of guarantee	36,725	36,725

22. 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 information 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 2024.

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;

Financial assets	Fair value		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 March 2025 AED (unaudited)	31 December 2024 AED (audited)				
Quoted equity investments carried at FVTOCI	2,026,482	1,844,244	Level 1	Quoted bid prices in an active market	None	N/A
Quoted equity instruments carried at FVTPL	14,487,207	13,664,856	Level 1	Quoted bid prices in an active market	None	N/A
	<u>16,513,689</u>	<u>15,509,100</u>				

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Notes to the interim condensed financial information
For the three months period ended 31 March 2025

22. Fair value measurement (continued)

Fair value hierarchy

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

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

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

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

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

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

31 March 2025 (unaudited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Investment property * (refer below)	-	-	7,936,000	7,936,000
Investments carried at FVTPL	14,487,207	-	-	14,487,207
Investments carried at FVTOCI:				
- Quoted equities	2,026,482	-	-	2,026,482
	<u>16,513,689</u>	<u>-</u>	<u>7,936,000</u>	<u>24,449,689</u>

31 December 2024 (audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Investment property			7,936,000	7,936,000
Investments carried at FVTPL	13,664,856	-	-	13,664,856
Investments carried at FVTOCI				
- Quoted equities	1,844,244	-	-	1,844,244
	<u>15,509,100</u>	<u>-</u>	<u>7,936,000</u>	<u>23,445,100</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.

* Investment property represents plots of land in Ras Al Khaimah.

The investment property was fair valued at AED 7.9 million as at 31 December 2024, based on a valuation performed by an independent and competent valuer. This valuation utilized market evidence of transaction prices for similar properties, classified as Level 3 within the fair value hierarchy. There has been no change in the fair value of the investment property, or the valuation technique applied as of 31 March 2025.

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Notes to the interim condensed financial information
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23. Approval of interim condensed financial information

The interim condensed financial information were approved by the Board of Directors and authorised for issue on 13 May 2025.