Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2020

Building a better working world

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REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC)

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Sharjah Cement and Industrial Development Co. (PJSC) (the "Company") and its subsidiary (the "Group"), which comprise the interim consolidated statement of financial position as at 30 June 2020 and the related interim consolidated statements of income and comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statement of changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these condensed consolidated interim 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matters

The condensed consolidated interim financial statements of the Group as of 30 June 2019 were reviewed by another auditor whose report dated 3 August 2019 expressed an unqualified conclusion on those condensed consolidated interim financial statements. Also, the consolidated financial statements as of 31 December 2019 were audited by another auditor whose report dated 7 March 2020 expressed an unqualified opinion on those consolidated financial statements.

For Ernst & Young

Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

11 August 2020

Dubai, United Arab Emirates

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the three month and six month periods ended 30 June 2020 (unaudited)

		Three month period ended 30 June		*Six month period ended 30 June*	
	Notes	***2020 AED'000***	*2019 AED'000*	***2020 AED'000***	*2019 AED'000*
Revenue	16	**95,560**	138,316	**223,723**	291,430
Cost of sales	16	**(104,185)**	(131,524)	**(222,521)**	(284,620)
Gross (loss)/profit		**(8,625)**	6,792	**1,202**	6,810
Administrative and general expenses		**(4,412)**	(4,839)	**(9,554)**	(9,569)
Selling and distribution expenses		**(1,274)**	(1,623)	**(2,841)**	(2,921)
Investment income/(loss)	4	**3,669**	3,415	**(4,662)**	11,854
Finance expenses		**(5,155)**	(2,341)	**(10,201)**	(4,534)
Other income		**457**	343	**1,384**	909
(Loss)/profit for the period		**(15,340)**	1,747	**(24,672)**	2,549
(Loss)/profit attributable to:					
Equity holders of the parent		**(15,340)**	1,747	**(24,672)**	2,549
Earnings per share					
Basic and diluted earnings per share (AED)	13	**(0.025)**	0.003	**(0.041)**	0.004

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three month and six month periods ended 30 June 2020 (unaudited)

		Three month period ended 30 June		*Six month period ended 30 June*	
	Notes	***2020 AED'000***	*2019 AED'000*	***2020 AED'000***	*2019 AED'000*
(Loss)/profit for the period		**(15,340)**	1,747	**(24,672)**	2,549
Other comprehensive income for the period					
Items that will not be reclassified to profit or loss:					
Investments carried at FVTOCI - net change in fair value	6.1	**3,893**	2,569	**(28,559)**	1,720
Items that may be reclassified to profit or loss:					
Change in fair value of interest rate swap	6.1	**(257)**	-	**(2,778)**	**-**
Other comprehensive income/(loss) for the period		**3,636**	2,569	**(31,337)**	1,720
Total comprehensive (loss)/income for the period		**(11,704)**	4,316	**(56,009)**	4,269
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent		**(11,704)**	4,316	**(56,009)**	4,269

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020 (unaudited)

	Notes	*30 June 2020 AED'000 (Unaudited)*	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Assets				
Non-current assets				
Property, plant and equipment		**987,160**	1,002,205	1,015,938
Investment properties	7	**274,874**	275,578	234,703
Investments carried at FVTOCI	6.1	**119,599**	148,064	167,469
Long term receivables		**1,033**	7,892	12,128
		1,382,666	1,433,739	1,430,238
Current assets				
Inventories		**317,836**	357,732	337,374
Trade and other receivables		**245,393**	293,151	262,274
Investments carried at FVTPL	6.2	**20,892**	27,680	25,217
Cash in hand and at bank	8	**21,891**	20,493	43,914
Assets held for sale	5	**22,508**	22,508	22,508
		628,520	721,564	691,287
Current liabilities				
Trade and other payables		**93,150**	181,569	156,426
Short term borrowings	9	**363,487**	337,826	395,229
		456,637	519,395	551,655
Net current assets		**171,883**	202,169	139,632
Non-current liabilities				
Long term borrowings	9	**(166,856)**	(191,353)	(134,020)
Provision for staff terminal benefits		**(27,866)**	(28,719)	(28,333)
NET ASSETS		**1,359,827**	1,415,836	1,407,517
Represented by				
Share capital	10	**608,254**	608,254	608,254
Statutory reserve	11	**334,091**	334,091	334,091
General reserve	12	**226,373**	226,373	226,373
Fair value reserve	6.1	**(19,052)**	12,324	14,889
Retained earnings		**210,161**	234,794	223,910
		1,359,827	1,415,836	1,407,517

Chairman

Chief Executive

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month periods ended 30 June 2020 (unaudited)

	Notes	*Six month period ended 30 June*	
		2020 AED'000	*2019 AED'000*
OPERATING ACTIVITIES:			
(Loss)/profit for the period		**(24,672)**	2,549
Adjustments for:			
Depreciation on property, plant and equipment		**35,059**	29,926
Depreciation on investment properties		**4,392**	1,304
Provision for staff terminal benefits		**1,168**	1,119
Gain on disposal of property, plant and equipment		**-**	(32)
Net gain on disposal of investments carried at FVTPL		**(83)**	(725)
(Gain)/loss on change in fair value of investments carried at FVTPL		**6,330**	(3,280)
Rental income from investment properties		**(781)**	(956)
Dividend income		**(5,114)**	(5,857)
Interest expense		**10,201**	4,480
		26,500	28,528
Changes in working capital:			
Inventories		**39,896**	(21,549)
Trade and other receivables		**54,617**	(1,077)
Trade and other payables		**(91,197)**	15,732
		29,816	21,634
Staff terminal benefits paid		**(2,021)**	(583)
Net cash from operating activities		**27,795**	21,051
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment (including advances)		**(16,408)**	(63,788)
Additions to investment properties		**(7,293)**	(45,801)
Proceeds from disposal of property, plant and equipment		**-**	32
Purchase of investments carried at FVTOCI		**(2,021)**	(2,091)
Proceeds from disposal investments carried at FVTOCI		**1,927**	3,133
Dividend income received		**5,114**	5,857
Rental income from investment properties		**781**	956
Purchase of investment carried at FVTPL		**(3,462)**	(2,951)
Proceeds from disposal of investments carried at FVTPL		**4,003**	2,643
Net cash used in investing activities		**(17,359)**	(102,010)
FINANCING ACTIVITIES			
Net movement in borrowings		**1,163**	108,353
Dividend paid		**-**	(39,536)
Interest paid		**(10,201)**	(4,480)
Net cash (used in)/from financing activities		**(9,038)**	64,337
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,398**	(16,622)
Cash and cash equivalents at the beginning of the period		**20,493**	60,536
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (refer note 8)		**21,891**	43,914
Cash and cash equivalents comprise:			
Cash in hand and at bank (refer note 8)		**21,891**	43,914

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2020 (unaudited)

	Attributable to the equity holders of the parent					
	Share capital AED'000	*Statutory reserve AED'000*	*General reserve AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*
Balance at 1 January 2020 (audited)	608,254	334,091	226,373	12,324	234,794	1,415,836
Total comprehensive income for the period (unaudited)						
Loss for the period	-	-	-	-	(24,672)	(24,672)
Other comprehensive loss for the period	-	-	-	(31,337)	-	(31,337)
Total comprehensive loss for the period	-	-	-	(31,337)	(24,672)	(56,009)
Other equity movement						
Transfer of fair value reserve to retained earnings on disposal of investments carried at FVTOCI (note 6)	-	-	-	(39)	39	-
Total other equity movement	-	-	-	(39)	39	-
Balance at 30 June 2020	**608,254**	**334,091**	**226,373**	**(19,052)**	**210,161**	**1,359,827**

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the six month period ended 30 June 2020 (unaudited)

	Attributable to the equity holders of the parent						
	Share capital AED'000	*Statutory reserve AED'000*	*General reserve AED'000*	*Proposed dividend AED'000*	*Fair value reserve AED'000*	*Retained earnings AED'000*	*Total AED'000*
Balance at 1 January 2019 (audited)	608,254	334,091	226,373	39,536	13,996	220,534	1,442,784
Total comprehensive income for the period (unaudited)							
Profit for the period	-	-	-	-	-	2,549	2,549
Other comprehensive income for the period	-	-	-	-	1,720	-	1,720
Total comprehensive income for the period	-	-	-	-	1,720	2,549	4,269
Other equity movement							
Transfer of fair value reserve to retained earnings on disposal of investments carried at FVTOCI (refer note 6.1)	-	-	-	-	(827)	827	-
Total other equity movement	-	-	-	-	(827)	827	-
Transactions with owners of the Company (unaudited)							
Dividend paid (refer note 15)	-	-	-	(39,536)	-	-	(39,536)
Total transactions with owners of the Company	-	-	-	(39,536)	-	-	(39,536)
Balance at 30 June 2019 (unaudited)	608,254	334,091	226,373	-	14,889	223,910	1,407,517

The attached notes 1 to 18 form part of these condensed consolidated interim financial statements.

1 CORPORATE INFORMATION

Sharjah Cement and Industrial Development Co. (PJSC) ("the Company") was incorporated in Sharjah, United Arab Emirates in 1977 under an Emiri Decree issued by H.H The Ruler of Sharjah and has since been registered as a public joint stock company. The registered office of the Company is P.O. Box 2083 Sharjah, United Arab Emirates. The shares of the Company are listed on Abu Dhabi Securities Market and Kuwait Stock Exchange. Shareholders have resolved at the Annual General Meeting held on 30 April 2020 to delist the company's shares from Kuwait Stock Exchange and authorized the Board of Directors to complete all formalities for the delisting. The delisting is expected to take nine months to one year from the date of application made to Kuwait Stock Exchange.

The condensed consolidated interim financial statements ('interim financial statements') as at and for the six month period ended 30 June 2020 comprise the Company and its subsidiary (collectively referred to as "the Group").

The Group is engaged in the manufacture and supply of cement, paper sacks and plastic ropes. The Group invests its surplus funds in investment securities, private equities and properties. The Group operates from Sharjah, United Arab Emirates and sells its products in the UAE and certain other countries in the Middle East, Africa and Asia.

The condensed consolidated interim financial statements was approved by the Board of Directors, and authorised for issue on 11 August 2020.

2 BASIS OF PREPARATION

Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

Basis of measurement

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

Functional and presentation currency

These interim financial statements are presented in United Arab Emirates Dirham ("AED"), rounded to nearest thousand except when otherwise indicated, which is the Company's functional currency.

Accounting estimates and judgments

In preparing these interim financial statements, management has made judgements and estimates 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information is used to measure fair values, then the management team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

2 BASIS OF PREPARATION (continued)

Measurement of fair values (continued)
When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in valuation techniques as follows:

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

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the significant assumptions made in measuring fair values are explained in Group's consolidated financial statements as at and for the year ended 31 December 2019.

2.1 BASIS OF CONSOLIDATION

The Group comprises of the Company and the under-mentioned subsidiary company.

Subsidiary	***Principal activity***	***Country of incorporation***	***Ownership***	
			2020	*2019*
Gulf Rope & Plastic Products Co. LLC	Rope and plastic products	United Arab Emirates	**100%**	100%

Basis of consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2019 except for the below accounting policy.

Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

New standards, interpretations and amendments
The new and revised relevant IFRSs effective in the current period had no significant impact on the amounts reported and disclosures in these condensed consolidated interim financial statements.

4 INVESTMENT (LOSS)/ INCOME

	Three month period ended 30 June		*Six month period ended 30 June*	
	2020 AED'000	*2019 AED'000*	***2020 AED'000***	*2019 AED'000*
(Loss)/gain on change of fair value of investments carried at FVTPL (refer note 6.2)	**2,437**	1,027	**(6,330)**	3,280
Net gain on disposal of investments carried at FVTPL (refer note 6.2)	**98**	4	**83**	725
Net (expense)/income from investment properties	**(1,988)**	449	**(3,611)**	956
Dividend income	**3,128**	1,457	**5,114**	5,857
Others	**(6)**	478	**82**	1,036
	3,669	3,415	**(4,662)**	11,854

5 ASSET HELD FOR SALE

During the year 2018, the board of directors has resolved to divest the investment in Autoline Industrial Park Limited within next twelve months.

In December 2018, the Group divested 50% of the investment in Autoline Industrial Parks Limited for a total gross consideration of AED 39.08 million which is receivable over 33 months. The net consideration after discounting and deduction of the expected cost to sell is AED 28.4 million resulting in a gain of AED 5.9 million. During the year 2019, unwinding of discount amounting to AED 2.5 million has been recognized.

Management is in active discussion with few potential buyers to sell the remaining investment. Management is of the view that carrying value is not expected to be higher than the fair value less cost to sell.

6 INVESTMENTS

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Investments carried at FVTOCI			
Investment in quoted securities - refer note 6.1	**88,062**	117,584	134,435
Investment in unquoted securities - refer note 6.1	**31,537**	30,480	33,034
(i)	**119,599**	148,064	167,469
Investments carried at FVTPL			
Investment in quoted securities - refer note 6.2	**20,892**	27,680	25,217
(ii)	**20,892**	27,680	25,217
(i) + (ii)	**140,491**	175,744	192,686

6 INVESTMENTS (continued)

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Quoted:			
UAE	**90,794**	120,912	128,608
Outside UAE	**18,160**	24,352	31,044
Unquoted:			
UAE	**3,823**	3,823	5,100
Outside UAE	**27,714**	26,657	27,934
	140,491	175,744	192,686

6.1 Investments carried at FVTOCI

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Opening balance	**148,064**	166,791	166,791
Purchase during the period/year	**2,021**	4,264	2,091
Change in fair value	**(28,559)**	1,018	1,720
Disposals during the period/ year	**(1,927)**	(24,009)	(3,133)
Closing balance	**119,599**	148,064	167,469

Cumulative changes in fair value of investments carried at FVTOCI

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Opening balance	**12,324**	13,996	13,996
Change in fair value during the period/year	**(28,559)**	1,018	1,720
Less: transferred to retained earnings upon disposal	**(39)**	(2,690)	(827)
Closing balance (i)	**(16,274)**	12,324	14,889

Change in fair value of interest rate swap

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Opening balance	-	-	-
Change in fair value during the period/year	**(2,778)**	-	-
Less: transferred to retained earnings upon disposal	-	-	-
Closing balance (ii)	**(2,778)**	-	-
Fair value reserve as on (i) + (ii)	**(19,052)**	12,324	14,889

6 INVESTMENTS (continued)

6.2 Investments carried at FVTPL

Movement during the period/ year is as follows:

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Opening balance	**27,680**	20,904	20,904
Purchase during the period/year	**3,462**	5,809	2,951
Change in fair value (refer note 4)	**(6,330)**	6,559	3,280
Gain on disposal of investments carried at FVTPL (refer note 4)	**83**	186	725
Disposals during the period/ year	**(4,003)**	(5,778)	(2,643)
Closing balance	**20,892**	27,680	25,217

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

At 30 June 2020	***Level 1 AED'000***	***Level 2 AED'000***	***Level 3 AED'000***	***Total AED'000***
Investments carried at FVTOCI	**88,062**	**-**	**31,537**	**119,599**
Investments carried at FVTPL	**20,892**	**-**	**-**	**20,892**
	108,954	**-**	**31,537**	**140,491**

At 31 December 2019	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Investments carried at FVTOCI	117,584	-	30,480	148,064
Investments carried at FVTPL	27,680	-	-	27,680
	145,264	-	30,480	175,744

There were no transfers between Level 1, Level 2 and Level 3 during the period.

7 INVESTMENT PROPERTIES

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Lands	**96,081**	96,081	96,767
Buildings	**176,927**	28,233	35,835
Properties under development	**1,866**	151,264	102,101
Total	**274,874**	275,578	234,703

Investment properties are accounted for using the cost model. The fair value of the investment properties as at 31 December 2019 are based on the valuation report issued by an independent valuer. The valuer is registered in the United Arab Emirates. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. Valuations are performed on a periodic basis, at least annually. Fair value of the Company's investment properties are based on unobservable inputs (i.e. Level 3). The fair value of the entire portfolio of investment properties as at 31 December 2019 was AED 443 million.

8 CASH IN HAND AND AT BANK

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Cash in hand and at bank	**21,891**	20,493	43,914

Cash in hand and at bank includes AED 5.9 million (31 December 2019: AED 1.6 million and 30 June 2019: AED 4.5 million) held outside UAE.

9 BANK BORROWINGS

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Long term borrowings:			
Term loans	**225,553**	254,184	246,004
Less: short term portion of term loans	**(58,697)**	(62,831)	(111,984)
Long term portion of loan	**166,856**	191,353	134,020
Short term borrowings:			
Short term loans	**304,790**	274,995	283,245
Current portion of term loans	**58,697**	62,831	111,984
	363,487	337,826	395,229

(i) All facilities bear interest rates at prevailing market rates.

(ii) Demand promissory note for AED 320 million is issued in favour of the bank as a security against the bank facilities.

(iii) Borrowings include (a) a term loan taken in respect of development of an investment property which is secured by a registered mortgage over the property for an amount of AED 79 million and (b) a term loan taken in respect of Captive Power Plant which is secured by a notarized commercial mortgage over financed Power Plant for an amount of AED 169 million in favour of the banks in UAE.

(iv) Bank borrowings are also subject to certain financial covenants. Testing for compliance with the financial covenants is done annually on 31 December. As at 31 December 2019, the Group had complied with the financial covenants as specified in the facility letters with the banks.

10 SHARE CAPITAL

	30 June 2020 AED'000 (Unaudited)	*31 December 2019 AED'000 (Audited)*	*30 June 2019 AED'000 (Unaudited)*
Authorised, issued and paid up			
608,253,747 shares of AED 1 each	**608,254**	608,254	608,254

11 STATUTORY RESERVE

In accordance with Article 239 of the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, a minimum of 10% of the net profit of the Company is allocated every year to a non- distributable statutory reserve. Such allocation may be ceased when the statutory reserve equals half of the paid up share capital of the Company. This reserve is not available for distribution except in circumstances stipulated by the law. The Board of Directors have not proposed any further transfer to the statutory reserve as the reserve is in excess of 50% of the paid up share capital.

12 GENERAL RESERVE

As per Company's Articles of Association, 10% of the profit for the year has to be transferred to general reserve until the reserve reaches 25% of the paid up share capital. This reserve is available for distribution at the recommendation of the directors and approval of shareholders in an ordinary general meeting. The Board of Directors have not proposed any further transfer to the general reserve as the reserve is in excess of 25% of the paid up share capital.

13 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Group and the weighted average number of ordinary shares outstanding as at 31 March 2020, calculated as follows:

	Three month period ended 30 June		***Six month period ended 30 June***	
	2020 AED'000	*2019 AED'000*	***2020 AED'000***	*2019 AED'000*
Earnings per share				
Net (Loss)/profit for the period	**(15,340)**	1,747	**(24,672)**	2,549
Weighted average number of shares outstanding ('000s)	**608,254**	608,254	**608,254**	608,254
Basic and diluted earnings per share (AED)	**(0.025)**	0.003	**(0.041)**	0.004

14 CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2020, the Group has issued guarantees relating to performance bonds amounting to AED 2.3 million (31 December 2019: AED 1.8 million), from which it is anticipated that no material liabilities will arise.

Estimated capital expenditure commitment at the reporting date amounted to AED 1.85 million (31 December 2019: AED 17.8 million).

The Group also has commitments of AED 6.4 million (31 December 2019: AED 8.6 million) on account of investments made in securities and funds. The Group has to pay as and when calls are made by the fund managers/investee companies.

15 DIVIDEND

At the Annual General Meeting held on 30 April 2020, the shareholders approved cash dividend of AED Nil (2018: AED 39.5 million) at AED Nil per share (2018: AED 0.065 per share), as proposed by the Board of Directors, in respect of the year ended 31 December 2019.

16 SEGMENT REPORTING

The Group has broadly two major reportable segments as described below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

Manufacturing segment includes cement, paper sacks and ropes products.
Investment segment includes investment and cash management for the Company's own account.

Investment segment is organised into two business units as follows:

- Investment and letting out properties in UAE.
- Investment in public and private equities and funds, mainly in GCC and Asia.

The above segments are the basis on which the management monitors the operating results of these segments for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are eliminated on consolidation.

	Three month period ended 30 June		***Six month period ended 30 June***	
	2020 AED'000	*2019 AED'000*	***2020 AED'000***	*2019 AED'000*
Manufacturing				
Revenue	**95,560**	138,316	**223,723**	291,430
Cost of sales	**(104,185)**	(131,524)	**(222,521)**	(284,620)
Gross (loss)/profit	**(8,625)**	6,792	**1,202**	6,810
Miscellaneous expenses	**514**	(826)	**1,421**	(1,241)
Expenses	**(3,288)**	(3,619)	**(6,993)**	(6,845)
Net segment results	**(11,399)**	2,347	**(4,370)**	(1,276)
Investment				
Income from investment in private and public equities and funds	**5,892**	2,991	**(1,051)**	10,898
	5,892	2,991	**(1,051)**	10,898
Income from investment properties	**(30)**	1,258	**781**	2,260
Depreciation	**(2,193)**	(809)	**(4,392)**	(1,304)
	(2,223)	449	**(3,611)**	956
Net segment results	**3,669**	3,440	**(4,662)**	11,854
Finance costs	**(5,155)**	(2,341)	**(10,201)**	(4,534)
Unallocated income and expenses-Head office	**(2,455)**	(1,699)	**(5,439)**	(3,495)
(Loss)/profit for the period	**(15,340)**	1,747	**(24,672)**	2,549

16 SEGMENT REPORTING (continued)

Other information

	30 June 2020			*31 December 2019*		
	Manufacturing AED'000	***Investment AED'000***	***Total AED'000***	*Manufacturing AED'000*	*Investment AED'000*	*Total AED'000*
Segment assets	**1,543,168**	**468,018**	**2,011,186**	1,650,393	504,910	2,155,303
Segment liabilities	**651,342**	**17**	**651,359**	727,516	11,951	739,467
Depreciation	**35,059**	**4,392**	**39,451**	63,668	2,593	66,261
Capital expenditure	**16,326**	**7,293**	**23,619**	83,802	94,964	178,766

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 30 June 2020 and 30 June 2019.

	30 June 2020			*30 June 2019*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Revenue	**179,272**	**44,451**	**223,723**	241,158	50,272	291,430
Investment (loss)/ income	**(1,130)**	**(3,532)**	**(4,662)**	7,712	4,142	11,854

	30 June 2020			*31 December 2019*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Assets	**1,886,077**	**125,109**	**2,011,186**	1,776,936	378,367	2,155,303
Liabilities	**530,737**	**120,622**	**651,359**	639,063	100,404	739,467
Capital expenditure	**23,619**	**-**	**23,619**	178,766	-	178,766

17 SEASONALITY OF RESULTS

Dividend income amounted to AED 5,114 thousand and AED 5,857 thousand for the six-month period ended 30 June 2020 and 30 June 2019 respectively. Dividend income depends on market conditions, investment activities of the Group and declaration of profits by investee companies, which are of a seasonal nature. Accordingly, results for the period ended 30 June 2020 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending 31 December 2020.

18 COVID-19 ASSESSMENT

Economic activities have been impacted on account of the spread of the COVID-19 pandemic in the region. Group's cash flows may be impacted, due to delays in collection and will require managing short- and medium-term liquidity requirements. The Group's management is closely monitoring the impact of the developments on the Group's operations and liquidity and has started to put in place required contingency measures. Management considers that the situation is fast evolving and the effect of the outbreak is by nature subject to significant levels of uncertainty, which cannot be estimated with precision.