

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

**Independent auditor's review report and condensed
interim financial information**

**For the six month period ended June 30, 2017
(unaudited)**

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

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Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

General information

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Website : www.fujairahcement.com

The Auditors : Horwath Mak
P. O. Box: 1650
Fujairah - United Arab Emirates

Ref: JM/AR/F-17/041

Independent auditor's report on review of condensed interim financial information

To,
The Board of Directors
M/s. Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim financial information of **M/s. Fujairah Cement Industries P.J.S.C.**, Fujairah - United Arab Emirates (the "Entity") which comprise the condensed interim statement of financial position as at June 30, 2017 and the related condensed interim statements of profit or loss, other comprehensive income, changes in shareholders' equity and the cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

For Horwath Mak



James Mathew FCA, CPA (USA)
Senior Partner
Reg. No. 548

August 10, 2017



Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates


Condensed interim statement of financial position as at June 30, 2017 (Unaudited)
(In Arab Emirates Dirhams)

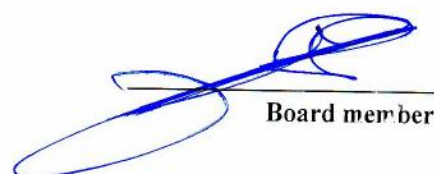
	Notes	Jun 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	3	1,246,376,630	1,267,226,285
Concession rights	4	2,200,000	3,300,000
Investment in an associate	5	13,561,000	13,561,000
<i>Total non-current assets</i>		<u>1,262,137,630</u>	<u>1,284,087,285</u>
<i>Current assets</i>			
Inventories	6	254,317,957	209,381,932
Trade receivables	7	170,022,847	159,656,888
Advances, deposits and other receivables	8	14,976,194	5,680,815
Cash and bank balances	9	8,740,977	15,116,380
<i>Total current assets</i>		<u>448,057,975</u>	<u>389,836,015</u>
Total assets		<u><u>1,710,195,605</u></u>	<u><u>1,673,923,300</u></u>
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	10	355,865,320	355,865,320
Statutory reserve	13	155,813,112	155,813,112
Voluntary reserve	14	222,536,002	222,536,002
Retained earnings	15	300,674,966	304,446,725
<i>Total shareholders' equity</i>		<u>1,034,889,400</u>	<u>1,038,661,159</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	16	262,914,269	310,631,012
Employees' end of service benefits	17	16,238,245	15,133,269
<i>Total non-current liabilities</i>		<u>279,152,514</u>	<u>325,764,281</u>
<i>Current liabilities</i>			
Bank borrowings - current portion	16	250,586,520	217,026,570
Trade and other payables	18	145,567,171	92,471,290
<i>Total current liabilities</i>		<u>396,153,691</u>	<u>309,497,860</u>
<i>Total liabilities</i>		<u>675,306,205</u>	<u>635,262,141</u>
Total shareholders' equity and liabilities		<u><u>1,710,195,605</u></u>	<u><u>1,673,923,300</u></u>

The accompanying notes form an integral part of this condensed interim financial information.

The review report of the auditors is set out on page 2.

The condensed interim financial information on pages 3 to 18 were approved by the Board of Directors on August 10, 2017 and signed on its behalf by:


Chairman


Board member

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of profit or loss

For the six month period ended June 30, 2017 (Unaudited)

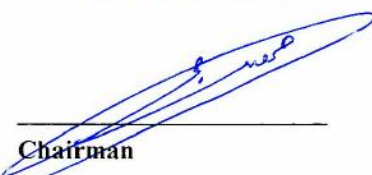
(In Arab Emirates Dirhams)

	Notes	Apr 01, 2017 to Jun 30, 2017 (3 months) (Unaudited)	Apr 01, 2016 to Jun 30, 2016 (3 months) (Unaudited)	Jan 01, 2017 to Jun 30, 2017 (6 months) (Unaudited)	Jan 01, 2016 to Jun 30, 2016 (6 months) (Unaudited)
Revenue	19	138,031,138	164,200,036	277,242,702	314,998,375
Cost of sales		(120,369,521)	(138,254,529)	(237,129,287)	(263,668,966)
Gross profit		17,661,617	25,945,507	40,113,415	51,329,409
Selling and distribution expenses		(574,103)	(538,507)	(1,443,684)	(1,413,950)
General and administrative expenses		(6,024,315)	(4,814,816)	(11,572,667)	(8,277,764)
Amortization of extraction and concession rights	4	(550,000)	(1,173,456)	(1,100,000)	(2,346,916)
Finance costs		(2,893,068)	(3,418,755)	(6,224,908)	(6,868,221)
Other income		678,095	503,129	1,108,004	834,086
Profit for the period		8,298,226	16,503,102	20,880,160	33,256,644
Basic and diluted earnings per share (U.A.E. Fils)	11	2.33	4.64	5.87	9.35

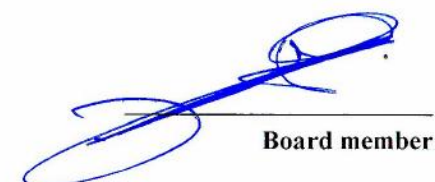
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Chairman



Board member

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of other comprehensive income

For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	Note	Apr 01, 2017 to Jun 30, 2017 (3 months) (Unaudited)	Apr 01, 2016 to Jun 30, 2016 (3 months) (Unaudited)	Jan 01, 2017 to Jun 30, 2017 (6 months) (Unaudited)	Jan 01, 2016 to Jun 30, 2016 (6 months) (Unaudited)
Profit for the period		8,298,226	16,503,102	20,880,160	33,256,644
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Remuneration to the Board of Directors	20	(3,300,000)	(2,300,000)	(3,300,000)	(2,300,000)
Total comprehensive income for the period		4,998,226	14,203,102	17,580,160	30,956,644

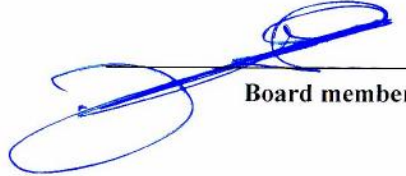
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Chairman



Board member

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of changes in shareholders' equity

For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at December 31, 2015 (Audited)	355,865,320	150,140,776	222,536,002	273,488,964	1,002,031,062
Profit for the period	-	-	-	33,256,644	33,256,644
Remuneration to the Board of Directors	-	-	-	(2,300,000)	(2,300,000)
Total comprehensive income	-	-	-	30,956,644	30,956,644
Dividends	-	-	-	(17,793,266)	(17,793,266)
Balance as at June 30, 2016 (Unaudited)	<u>355,865,320</u>	<u>150,140,776</u>	<u>222,536,002</u>	<u>286,652,342</u>	<u>1,015,194,440</u>
Balance as at December 31, 2016 (Audited)	355,865,320	155,813,112	222,536,002	304,446,725	1,038,661,159
Profit for the period	-	-	-	20,880,160	20,880,160
Remuneration to the Board of Directors	-	-	-	(3,300,000)	(3,300,000)
Total comprehensive income	-	-	-	17,580,160	17,580,160
Dividends	-	-	-	(21,351,919)	(21,351,919)
Balance as at June 30, 2017 (Unaudited)	<u>355,865,320</u>	<u>155,813,112</u>	<u>222,536,002</u>	<u>300,674,966</u>	<u>1,034,889,400</u>

The accompanying notes form an integral part of this condensed interim financial information.

The review report of the auditors is set out on page 2.

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of cash flows

For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	Jan 01, 2017 to Jun 30, 2017 (6 months) (Unaudited)	Jan 01, 2016 to Jun 30, 2016 (6 months) (Unaudited)
Cash flows from operating activities		
Profit for the period	20,880,160	33,256,644
<i>Adjustments for:</i>		
(Gain) on disposal of property, plant and equipment	(2,999)	(88,588)
Depreciation on property, plant and equipment	24,433,734	26,754,293
Allowance for slow-moving spare parts	500,000	500,000
Amortization of extraction and concession rights	1,100,000	2,346,916
Provision for employees' end of service benefits	1,466,496	1,580,125
Operating profit before changes in operating assets and liabilities	48,377,391	64,349,390
<i>(Increase)/decrease in current assets</i>		
Inventories	(45,436,025)	22,964,393
Trade receivables	(10,365,959)	(13,339,969)
Advances, deposits and other receivables	(9,295,379)	(6,354,928)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	53,294,506	6,826,716
Cash generated from operations	36,574,534	74,445,602
Employees' end-of-service benefits paid	(361,520)	(116,543)
Net cash from operating activities	36,213,014	74,329,059
Cash flows from investing activities		
Investment in an associate	-	(13,561,000)
Acquisition of property, plant and equipment	(3,584,081)	(15,935,368)
Proceeds from disposal of property, plant and equipment	3,001	88,600
Net cash (used in) investing activities	(3,581,080)	(29,407,768)
Cash flows from financing activities		
Proceeds from term loans	114,445,987	22,050,901
(Repayment) of term loans	(162,153,316)	(38,822,833)
Proceeds/(repayment) of other bank borrowings, net	33,550,536	(21,508,876)
Dividends paid	(21,550,544)	(17,802,981)
Remuneration to the Board of Directors	(3,300,000)	(2,300,000)
Net cash (used in) financing activities	(39,007,337)	(58,383,789)
Net (decrease) in cash and cash equivalents	(6,375,403)	(13,462,498)
Cash and cash equivalents, beginning of the period	15,116,380	28,162,313
Cash and cash equivalents, end of the period	8,740,977	14,699,815
Represented by:		
Cash in hand	106,624	127,892
Bank balances - current accounts	8,634,353	14,571,923
	8,740,977	14,699,815

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Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the six month period ended June 30, 2017 (Unaudited)

1 Legal status and business activities

- 1.1** M/s. **Fujairah Cement Industries P.J.S.C.** (the "Entity") is a public joint stock company in the Emirate of Fujairah - United Arab Emirates established on December 20, 1979. The Entity's ordinary shares are listed on the Abu Dhabi Securities Exchange and Kuwait Stock Exchange.
- 1.2** The principal activities of the Entity are unchanged since the previous year and include the manufacturing of cement and erecting, operating and managing the required stores and silos necessary for this purpose, formation or participation in the formation of industrial companies and other similar activities.
- 1.3** The registered address of the Entity is P.O. Box: 600, Fujairah - United Arab Emirates.
- 1.4** This condensed interim financial information incorporates the operating results of the Industrial license no. 80001.

2 Significant accounting policies

2.1 Basis of preparation

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and is presented in Arab Emirates Dirhams (AED) which is the functional currency of the Entity.

This condensed interim financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value.

The accounting policies and methods of computation adopted in preparing this condensed interim financial information are consistent with those used in the audited financial statements for the year ended December 31, 2016.

All aspects of the financial risk management objectives and policies are consistent with that disclosed in the audited financial statements for the year ended December 31, 2016.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2016.

The result for the six month period ended June 30, 2017 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2017.

The preparation of this condensed interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements for the year ended December 31, 2016.

2.2 Property, plant and equipment

Land is stated at cost.

Other property, plant and equipment (except for capital work-in-progress) are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprises of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the six month period ended June 30, 2017 (Unaudited)

2 Significant accounting policies (continued)**2.2 Property, plant and equipment (continued)**

Depreciation is charged so as to write off the cost of property, plant and equipment (other than land and capital work-in-progress), using the straight-line method over their useful lives as follows:

	<u>Years</u>
Buildings and leasehold improvements	8 to 35
Plant and machinery	6 to 35
Furniture and fixtures	4
Vehicles and mobile plant	4
Tools and equipment	4
Quarry development	6 to 20

Buildings and leasehold improvements are being depreciated over the period from when these became available for use up to the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Capital work-in-progress

Properties in the course of construction for production, supply or administrative purposes or for purposes not yet determined are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Entity's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets commences, on the same basis of estimated useful lives stated above, when the assets are ready for their intended use.

2.3 Investment in an associate

An associate is an investee in which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are accounted for using the equity method of accounting. Under the equity method, investment in the associate is initially recognised at cost and adjusted thereafter to recognise the Entity's share of profit or loss and other comprehensive income of the associate. When the Entity's share of losses of the associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

Investment in the associate is accounted for using the equity method from the date on which the investee becomes an associate and any excess of the cost of the investments over the Entity's share of the net fair value of the identifiable assets and liabilities of an associate is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which investment is acquired.

To determine whether it is necessary to recognise any impairment loss with respect to the Entity's investment in the associate, when necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the six month period ended June 30, 2017 (Unaudited)

2 Significant accounting policies (continued)**2.3 Investment in associate (continued)**

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Entity retains an interest in the former associate and the retained interest is a financial asset, the Entity measures the retained interest at fair value at the date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date equity method was discontinued and the fair value of the retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of associate. In addition, the Entity accounts for all amounts previously recognised in other comprehensive income in relation of that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Entity reduces its ownership interest in an associate, but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When the Entity transacts with its associate, profits or losses resulting from the transactions with the associate are recognised in the Entity's financial statements only to the extent of interests in the associate that are not related to the Entity.

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

3 Property, plant and equipment

	Land, buildings and leasehold improvements	Plant and machinery	Furniture and fixtures	Vehicles and mobile plant	Tools and equipment	Quarry development	Capital work-in- progress	Total
Cost								
As at December 31, 2015 (Audited)	132,997,575	1,827,862,508	2,646,701	24,869,245	12,117,611	30,918,672	115,215,787	2,146,628,099
Addition during the year	31,000	3,165,945	119,800	1,728,044	220,116	-	19,339,712	24,604,617
Transferred from capital work-in-progress	19,396,270	114,410,598	-	-	-	-	(133,806,868)	-
Disposal during the year	-	-	-	(822,977)	(2,900)	-	-	(825,877)
As at December 31, 2016 (Audited)	152,424,845	1,945,439,051	2,766,501	25,774,312	12,334,827	30,918,672	748,631	2,170,406,839
Addition during the period	55,000	1,716,459	449,753	5,900	156,149	-	1,200,820	3,584,081
Disposal during the period	-	-	-	(114,000)	-	-	-	(114,000)
As at June 30, 2017 (Unaudited)	152,479,845	1,947,155,510	3,216,254	25,666,212	12,490,976	30,918,672	1,949,451	2,173,876,920
Accumulated depreciation								
As at December 31, 2015 (Audited)	26,438,632	763,892,073	2,432,977	24,597,924	11,515,522	20,809,048	-	849,686,176
Charge for the year	4,059,055	48,698,628	93,224	344,969	345,493	778,873	-	54,320,242
Eliminated on disposal during the year	-	-	-	(822,965)	(2,899)	-	-	(825,864)
As at December 31, 2016 (Audited)	30,497,687	812,590,701	2,526,201	24,119,928	11,858,116	21,587,921	-	903,180,554
Charge for the period	2,228,496	21,303,222	76,022	267,160	169,397	389,437	-	24,433,734
Eliminated on disposal during the period	-	-	-	(113,998)	-	-	-	(113,998)
As at June 30, 2017 (Unaudited)	32,726,183	833,893,923	2,602,223	24,273,090	12,027,513	21,977,358	-	927,500,290
Carrying value								
As at June 30, 2017 (Unaudited)	119,753,662	1,113,261,587	614,031	1,393,122	463,463	8,941,314	1,949,451	1,246,376,630
As at December 31, 2016 (Audited)	121,927,158	1,132,848,350	240,300	1,654,384	476,711	9,330,751	748,631	1,267,226,285

Notes:

- Part of the buildings, plant and machinery are constructed/erected on land obtained on lease from the Government of Fujairah.
- Capital work-in-progress as at June 30, 2017 mainly represents certain construction works and installation of plant and equipment.
- Borrowing costs on Waste Heat Recovery (WHR) project capitalized during the period amounted to AED Nil (June 30, 2016: AED 855,121).
- Registered chattel mortgage (being executed) over the WHR based captive power plant expansion project and assignment of insurance policy covering the project are provided in favour of the bank against the term loans (note 16).
- Insurance policies covering movable assets are assigned in favour of a bank against a term loan (note 16).
- Registered charge over Thermal Power Plant (including machinery), assignment of insurance policies covering the cement factory and Thermal Power Plant and assignment of leasehold rights over the land on which the Thermal Power Plant is located are provided as securities against term loans and other bank borrowings (note 16).
- Certain vehicles are hypothecated against a term loan (note 16).
- Depreciation is fully charged to cost of sales.
- Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period, amounted to AED 352,910,890 (December 31, 2016: AED 352,822,510).

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2017	Dec 31, 2016
	(Unaudited)	(Audited)
4 Concession rights		
Carrying value at the end of the period/year	2,200,000	3,300,000
		Concession rights
Cost		
As at December 31, 2015 (Audited)		22,000,000
As at December 31, 2016 (Audited)		22,000,000
As at June 30, 2017 (Unaudited)		22,000,000
Accumulated amortisation		
As at December 31, 2015 (Audited)		16,500,000
Amortisation for the year		2,200,000
As at December 31, 2016 (Audited)		18,700,000
Amortisation for the period		1,100,000
As at June 30, 2017 (Unaudited)		19,800,000
Carrying value:		
As at June 30, 2017 (Unaudited)		2,200,000
As at December 31, 2016 (Audited)		3,300,000

Concession rights are being amortised over a period of 10 years as estimated by the management.

The Entity has executed an agreement with the Fujairah Municipality on April 17, 2007 whereby concession rights have been granted for further 25 years from the date of agreement, automatically renewable for further 25 years and shall expire without notice after the fiftieth year.

	Jun 30, 2017	Dec 31, 2016
	(Unaudited)	(Audited)
5 Investment in an associate		
20% interest in M/s. Sohar Cement Factory L.L.C., Sohar, Sultanate of Oman (the "Associate")	13,561,000	13,561,000

During 2016, the Entity invested in the Associate, whose paid-up share capital is Omani Riyals 7,100,000, comprising 7,100,000 shares of Omani Riyal one each. The Associate is licensed to engage in manufacture of all kinds of cement. The Associate is yet to commence commercial production as it is presently in the plant-erection phase.

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Notes to the condensed interim financial information

For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2017	Dec 31, 2016
	(Unaudited)	(Audited)
6 Inventories		
Raw materials	23,767,044	26,375,131
Semi-finished products	38,770,973	35,420,661
Finished products	3,863,321	2,864,149
(a)	66,401,338	64,659,941
Spare parts	130,278,004	122,500,793
Less: Allowance for slow-moving spare parts	(23,500,000)	(23,000,000)
	106,778,004	99,500,793
Burning media	80,644,801	44,691,384
Bags and packing materials	493,814	529,814
(b)	187,916,619	144,721,991
(a)+(b)	254,317,957	209,381,932
Movement in allowance for slow-moving spare parts is as follows:		
Balance at the beginning of the period/year	23,000,000	22,000,000
Charge during the period/year	500,000	1,000,000
Balance at the end of the period/year	23,500,000	23,000,000
Insurance policy is assigned against bank borrowings (note 16).		
The above inventories are lying in the factory premises and yards located at Dibba, Fujairah - United Arab Emirates.		
7 Trade receivables		
Trade receivables	171,824,868	161,458,909
Less: Allowance for doubtful debts	(1,802,021)	(1,802,021)
	170,022,847	159,656,888
Coverage:		
Secured	118,112,044	129,054,443
Open credit	51,910,803	30,602,445
	170,022,847	159,656,888
Trade receivables are assigned against bank borrowings (note 16).		
8 Advances, deposits and other receivables		
Prepayments	8,537,696	379,723
Advances to suppliers	6,061,133	4,924,396
Other receivables	377,365	376,696
	14,976,194	5,680,815
9 Cash and bank balances		
Cash in hand	106,624	247,590
Bank balances - current accounts	8,634,353	14,868,790
	8,740,977	15,116,380
Bank balances are maintained with banks registered in the United Arab Emirates.		
10 Share capital		
Number of ordinary shares (Nos.)	355,865,320	355,865,320
Nominal value per ordinary share (AED)	1	1
Issued and fully paid-up share capital (AED)	355,865,320	355,865,320

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For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

		Apr 01, 2017 to Jun 30, 2017 (3 months) (Unaudited)	Apr 01, 2016 to Jun 30, 2016 (3 months) (Unaudited)	Jan 01, 2017 to Jun 30, 2017 (6 months) (Unaudited)	Jan 01, 2016 to Jun 30, 2016 (6 months) (Unaudited)
11 Basic and diluted earnings per share					
Profit for the period	(AED)	8,298,226	16,503,102	20,880,160	33,256,644
Weighted average number of shares	(Nos.)	355,865,320	355,865,320	355,865,320	355,865,320
Basic and diluted earnings per share	(U.A.E. Fils)	2.33	4.64	5.87	9.35

12 Approved distribution of profits

During the period, a cash dividend of 6% (2016: 5%) of the paid-up share capital, amounting to AED 21,351,919 (2016: AED 17,793,266) (note 15) was paid as approved in the shareholders' general assembly held on April 13, 2017.

	Jun 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)
13 Statutory reserve		
Balance at the beginning of the period/year	155,813,112	150,140,776
Add: Transferred from profit for the period/year (note 15)	-	5,672,336
Balance at the end of the period/year	155,813,112	155,813,112

In accordance with Article 239 of the UAE Federal Law No. (2) of 2015 and Article 58 of the Entity's Articles of Association, 10% of the profit of each year is to be appropriated to a statutory reserve. Transfer may be discontinued when the reserve reaches 50% of the paid-up capital. This reserve is distributable when approved by a shareholders' resolution based on the recommendation of the Board of Directors.

No transfer was effected at the end of the reporting period, as this will be based on the result for the financial year.

14 Voluntary reserve

Balance at the end of the period/year	222,536,002	222,536,002
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In prior years, 10% of profits was appropriated to a voluntary reserve. This reserve is distributable when approved by a shareholders' resolution based on the recommendation of the Board of Directors in accordance with Article 240 of the UAE Federal Law No. (2) of 2015 and Article 58 of the Entity's Articles of Association.

15 Retained earnings

Balance at the beginning of the period/year	304,446,725	273,488,964
Profit for the period/year	20,880,160	56,723,363
Remuneration to the Board of Directors (note 20)	(3,300,000)	(2,300,000)
Transferred to statutory reserve (note 13)	-	(5,672,336)
Dividends (note 12)	(21,351,919)	(17,793,266)
Balance at the end of the period/year	300,674,966	304,446,725

16 Bank borrowings**(a) Term loans**

Balance at the beginning of the period/year	406,050,214	462,312,886
Add: Received during the period/year	114,445,987	25,830,477
Less: Repaid during the period/year	(162,153,316)	(82,093,149)
Balance at the end of the period/year	358,342,885	406,050,214

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For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2017	Dec 31, 2016
	(Unaudited)	(Audited)
16 Bank borrowings (continued)		
(a) Term loans (continued)		
<i>Comprising:</i>		
Non-current portion	262,914,269	310,631,012
Current portion	95,428,616	95,419,202
	358,342,885	406,050,214
<i>Break-up of term loans</i>		
Term loan 1	118,711,971	138,497,299
Term loan 2	-	118,847,756
Term loan 3	58,333,333	66,666,667
Term loan 4	45,676,200	51,385,725
Term loan 5	24,641,740	29,570,088
Term loan 6	935,422	1,082,679
Term loan 7	110,044,219	-
	358,342,885	406,050,214

Term loan 1

During 2006, the Entity was sanctioned this loan from an overseas bank to partly finance the cost of constructing a new clinker production line with a capacity of 7,500 metric tonnes per day. During 2010, the outstanding balance of AED 336,350,584 was rescheduled to be repaid in seventeen semi-annual installments of AED 19,785,328 each commenced in February 2012 and ending in February 2020.

Term loan 2

During 2014, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 123,400,000 to finance the Waste Heat Recovery based captive power plant expansion project. Of the sanctioned amount, only AED 123,249,525 was drawn down. During April 2017, this loan was settled through another islamic financing arrangement (Term loan 7).

Term loan 3

During 2014, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 100,000,000 to refinance the existing liabilities with other banks. Repayment of this loan is in twelve equal half yearly installments of AED 8,333,333 each commenced in March 2015 and ending in September 2020.

Term loan 4

During April 2015, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 68,514,300 to convert the existing finance lease liability with the same bank. Repayment of this loan is in twelve equal half yearly installments of AED 5,709,525 each commenced in August 2015 and ending in February 2021.

Term loan 5

During September 2015, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 40,000,000, of which AED 39,426,784 was drawn down, to finance royalty payment of AED 11,426,784 to Fujairah Natural Resources Corporation and land rent payment of AED 28,000,000 to Dibba Municipality. Repayment of this loan is in eight equal half yearly installments of AED 4,928,348 each commenced in March 2016 and ending in September 2019.

Term loan 6

During 2016, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 1,260,989 to finance the purchase of motor vehicles. Repayment of this loan is in 48 equal monthly installments of AED 30,117 each (inclusive of interest) commenced in March 2016 and ending in December 2020.

Term loan 7

During April 2017, the Entity entered into an islamic financing arrangement (Ijarah) from a bank operating in the United Arab Emirates for AED 114,445,987 to settle an existing term loan (Term loan 2). Repayment of this loan is in 26 equal quarterly installments of AED 4,401,769 each commenced in April 2017 and ending in July 2023.

Interest on the above loans, accrued at commercial rate on monthly basis, is paid separately on the due dates.

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For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)
16 Bank borrowings (continued)		
(b) Other bank borrowings		
Trust receipts	124,395,597	112,192,083
Short-term loan	10,000,000	-
Bills discounted	20,762,307	9,415,285
	155,157,904	121,607,368
Bank borrowings - non-current portion		
Non-current portion of term loans is to be repaid as follows:		
In the second year	95,448,220	95,438,277
In the third to fifth year	145,457,210	184,380,359
After five years	22,008,839	30,812,376
Term loans (refer a)	262,914,269	310,631,012
Bank borrowings - current portion		
Term loans (refer a)	95,428,616	95,419,202
Other bank borrowings (refer b)	155,157,904	121,607,368
	250,586,520	217,026,570
Total bank borrowings	513,500,789	527,657,582
Bank borrowings are secured by:		
i) Registered charge over Thermal Power Plant (including machinery) (note 3).		
ii) Registered chattel mortgage (being executed) over the Waste Heat Recovery based captive power plant expansion project (note 3).		
iii) Assignment of insurance policy for AED 412.2 million covering the cement factory on a parri passu basis (note 3).		
iv) Assignment of insurance policy for AED 236.9 million covering the Thermal Power Plant on a parri passu basis (note 3).		
v) Assignment of insurance policies covering the Waste Heat Recovery based captive power plant expansion project (note 3).		
vi) Assignment of insurance policies covering moveable assets on pari passu basis (note 3).		
vii) Assignment of leasehold rights (between the Entity & Fujairah Municipality) over the land on which the Thermal Power Plant is located (note 3).		
viii) Hypothecation of certain vehicles (note 3).		
ix) Assignment of insurance policy covering inventories on pari passu basis (note 6).		
x) General assignment of trade receivables in favor of the bank (note 7).		
	Jun 30, 2017 (Unaudited)	Dec 31, 2016 (Audited)
17 Employees' end of service benefits		
Balance at the beginning of the period/year	15,133,269	13,503,986
Add: Charge for the period/year	1,466,496	2,200,944
Less: Paid during the period/year	(361,520)	(571,661)
Balance at the end of the period/year	16,238,245	15,133,269

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For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2017	Dec 31, 2016
	(Unaudited)	(Audited)
18 Trade and other payables		
Trade payable	119,726,860	67,744,982
Retention payable	295,996	295,996
Dividends payable	4,058,909	4,257,534
Advances received from customers	1,414,387	545,016
Accruals	14,827,470	14,170,020
Interest payable	3,550,327	3,790,737
Other payables	1,693,222	1,667,005
	145,567,171	92,471,290

	Apr 01, 2017 to	Apr 01, 2016 to	Jan 01, 2017 to	Jan 01, 2016 to
	Jun 30, 2017	Jun 30, 2016	Jun 30, 2017	Jun 30, 2016
	(3 months)	(3 months)	(6 months)	(6 months)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
19 Revenue				
Sales : Within U.A.E.	66,006,413	60,684,968	128,973,310	128,035,803
: Outside U.A.E. : G.C.C.	72,024,725	103,498,521	148,164,542	186,706,521
: Others	-	16,547	104,850	256,051
	138,031,138	164,200,036	277,242,702	314,998,375

20 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24 "Related Party Disclosures". Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel.

The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

	Jun 30, 2017	Dec 31, 2016
	(Unaudited)	(Audited)
a) Balances due from related parties (included in trade receivables)	1,101,558	1,146,312
b) Balances due to related party (included in trade and other payables)	700,000	1,022,952
c) Transactions with related parties		

The nature of significant related party transactions and the amounts involved were as follows:

	Apr 01, 2017 to	Apr 01, 2016 to	Jan 01, 2017 to	Jan 01, 2016 to
	Jun 30, 2017	Jun 30, 2016	Jun 30, 2017	Jun 30, 2016
	(3 months)	(3 months)	(6 months)	(6 months)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	1,037,343	1,172,675	2,077,143	2,723,885
Construction of property, plant and equipment	700,000	2,837,000	700,000	4,927,000

d) Key management personnel compensation

The compensation of key management personnel is as follows:

Key management remuneration	1,006,690	797,767	2,351,567	2,598,040
Remuneration to the Board of Directors (as approved in the shareholders' general assembly) (note 15)	3,300,000	2,300,000	3,300,000	2,300,000

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Notes to the condensed interim financial information

For the six month period ended June 30, 2017 (Unaudited)

(In Arab Emirates Dirhams)

21 Seasonality of results

No income of seasonal nature was recorded in the condensed interim statement of profit or loss for the current period.

22 Contingent liabilities

Except for ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability as of the reporting date.

23 Commitments

	<u>Jun 30, 2017</u>	<u>Dec 31, 2016</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Commitments for construction/installation of property, plant and equipment	<u>27,551,036</u>	<u>77,000</u>

Except for the above and ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known commitment as of the reporting date.

24 Comparatives

Certain amounts of the prior period/year were reclassified to conform to the current period's presentation. However, such reclassification has no impact on the previously reported financial result or equity.