

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, 2018
(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

Head Office Address : P. O. Box: 600
Fujairah - United Arab Emirates
T: +971 9 222 3111
F: +971 9 222 7718
Email: hofci79@fciho.ae

Factory Address : P.O. Box: 11477
Dibba, Fujairah - United Arab Emirates
T: +971 9 244 4011
F: +971 9 244 4016
Email: fujcem82@emirates.net.ae

Website : www.fujairahcement.com

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

Ref: JM/AR/F-18/038

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, 2018, the condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income, the condensed interim statement of changes in shareholders' equity and the condensed interim statement of 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 09, 2018

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of financial position as at June 30, 2018 (Unaudited)

(In Arab Emirates Dirham)

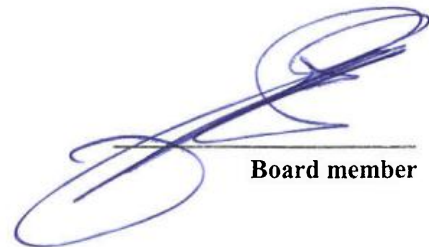
	Notes	<u>Jun 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	3	1,240,164,295	1,242,501,823
Concession rights	4	-	1,100,000
Investment in an associate	5	13,561,000	13,561,000
<i>Total non-current assets</i>		<u>1,253,725,295</u>	<u>1,257,162,823</u>
<i>Current assets</i>			
Inventories	6	311,413,049	291,283,921
Trade receivables	7	185,306,219	176,008,071
Advances, deposits and other receivables	8	12,874,250	4,455,974
Cash and bank balances	9	11,405,458	13,575,591
<i>Total current assets</i>		<u>520,998,976</u>	<u>485,323,557</u>
Total assets		<u>1,774,724,271</u>	<u>1,742,486,380</u>
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	10	355,865,320	355,865,320
Statutory reserve	13	159,518,295	159,518,295
Voluntary reserve	14	222,536,002	222,536,002
Retained earnings	15	300,381,910	313,141,451
<i>Total shareholders' equity</i>		<u>1,038,301,527</u>	<u>1,051,061,068</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	16	301,917,355	222,214,020
Employees' end of service benefits	17	16,829,921	16,214,496
<i>Total non-current liabilities</i>		<u>318,747,276</u>	<u>238,428,516</u>
<i>Current liabilities</i>			
Bank borrowings - current portion	16	277,529,379	310,700,558
Trade and other payables	18	140,146,089	142,296,238
<i>Total current liabilities</i>		<u>417,675,468</u>	<u>452,996,796</u>
Total liabilities		<u>736,422,744</u>	<u>691,425,312</u>
Total shareholders' equity and liabilities		<u>1,774,724,271</u>	<u>1,742,486,380</u>

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

The review report of the auditor 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 09, 2018 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, 2018 (Unaudited)

(In Arab Emirates Dirham)

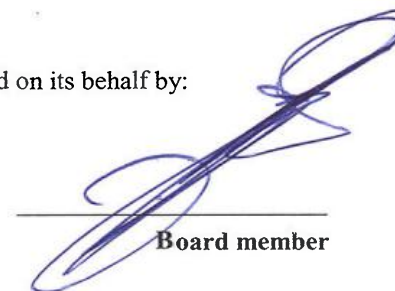
	Notes	<u>Apr 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Apr 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(6 months)</u> <u>(Unaudited)</u>
Revenue	19	154,516,046	155,135,307	317,732,846	310,801,802
Cost of sales		(123,774,803)	(120,369,521)	(253,649,060)	(237,129,287)
Gross profit		30,741,243	34,765,786	64,083,786	73,672,515
Selling and distribution expenses		(18,144,840)	(17,678,272)	(36,091,787)	(35,002,784)
General and administrative expenses		(3,197,884)	(6,024,315)	(7,559,718)	(11,572,667)
Amortization of concession rights	4	(550,000)	(550,000)	(1,100,000)	(1,100,000)
Finance costs		(5,099,725)	(2,893,068)	(8,678,553)	(6,224,908)
Other income		611,422	678,095	1,238,650	1,108,004
Profit for the period		4,360,216	8,298,226	11,892,378	20,880,160
Basic and diluted earnings per share (U.A.E. Fils)	11	<u>1.2</u>	<u>2.4</u>	<u>3.3</u>	<u>5.9</u>

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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, 2018 (Unaudited)

(In Arab Emirates Dirham)

	Note	<u>Apr 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Apr 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(6 months)</u> <u>(Unaudited)</u>
Profit for the period		4,360,216	8,298,226	11,892,378	20,880,160
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Remuneration to the Board of Directors	20	<u>(3,300,000)</u>	<u>(3,300,000)</u>	<u>(3,300,000)</u>	<u>(3,300,000)</u>
Total comprehensive income for the period		<u>1,060,216</u>	<u>4,998,226</u>	<u>8,592,378</u>	<u>17,580,160</u>

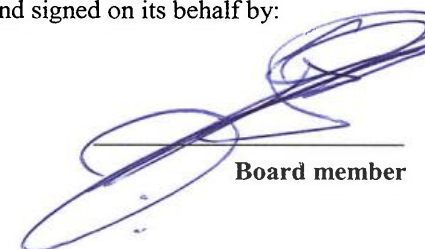
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Chairman



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, 2018 (Unaudited)

(In Arab Emirates Dirham)

	<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, 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>
Balance as at December 31, 2017 (Audited)	355,865,320	159,518,295	222,536,002	313,141,451	1,051,061,068
Profit for the period	-	-	-	11,892,378	11,892,378
Remuneration to the Board of Directors	-	-	-	(3,300,000)	(3,300,000)
Total comprehensive income	-	-	-	8,592,378	8,592,378
Dividends	-	-	-	(21,351,919)	(21,351,919)
Balance as at June 30, 2018 (Unaudited)	<u><u>355,865,320</u></u>	<u><u>159,518,295</u></u>	<u><u>222,536,002</u></u>	<u><u>300,381,910</u></u>	<u><u>1,038,301,527</u></u>

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

The review report of the auditor 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, 2018 (Unaudited)

(In Arab Emirates Dirham)

	<u>Jan 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(6 months)</u> <u>(Unaudited)</u>
Cash flows from operating activities		
Profit for the period	11,892,378	20,880,160
<i>Adjustments for:</i>		
(Gain) on disposal of property, plant and equipment	-	(2,999)
Depreciation on property, plant and equipment	25,006,408	24,433,734
Allowance for slow-moving spare parts	-	500,000
Amortization of concession rights	1,100,000	1,100,000
Provision for employees' end of service benefits	1,551,407	1,466,496
Finance costs	8,678,553	6,224,908
Reversal of allowance for doubtful debts	17,485	-
Operating profit before changes in operating assets and liabilities	48,246,231	54,602,299
<i>(Increase)/decrease in current assets</i>		
Inventories	(20,129,128)	(45,436,025)
Trade receivables	(9,315,633)	(10,365,959)
Advances, deposits and other receivables	(8,418,276)	(9,295,379)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(2,199,834)	53,534,916
Cash generated from operations	8,183,360	43,039,852
Employees' end-of-service benefits paid	(935,982)	(361,520)
Net cash from operating activities	7,247,378	42,678,332
Cash flows from investing activities		
Acquisition of property, plant and equipment	(22,668,880)	(3,584,081)
Proceeds from disposal of property, plant and equipment	-	3,001
Net cash (used in) investing activities	(22,668,880)	(3,581,080)
Cash flows from financing activities		
Proceeds from term loans	110,186,616	114,445,987
(Repayment) of term loans	(120,449,979)	(162,153,316)
Proceeds of other bank borrowings, net	56,795,519	33,550,536
Finance costs paid	(8,608,595)	(6,465,318)
Dividends paid	(21,372,192)	(21,550,544)
Remuneration to the Board of Directors	(3,300,000)	(3,300,000)
Net cash from/(used in) financing activities	13,251,369	(45,472,655)
Net (decrease) in cash and cash equivalents	(2,170,133)	(6,375,403)
Cash and cash equivalents, beginning of the period	13,575,591	15,116,380
Cash and cash equivalents, end of the period	11,405,458	8,740,977
Represented by:		
Cash in hand	117,548	106,624
Bank balances - current accounts	11,287,910	8,634,353
	11,405,458	8,740,977

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

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

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, 2018 (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 Boursa Kuwait (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 Dirham (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 used in the preparation of condensed interim financial information are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2017, except for the adoption of the following new amendments to the standards effective for the periods beginning on or after January 01, 2018 and these do not have any material impact on the condensed interim financial information.

- IFRS 9 "Financial instruments";
- IFRS 15 "Revenue from Contracts with Customers"; and
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

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, 2017.

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, 2017.

The result for the six month period ended June 30, 2018 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2018.

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, 2017.

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 comprise 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 the statement of 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, 2018 (Unaudited)

2 Significant accounting policies (continued)

2.2 Property, plant and equipment (continued)

Depreciation is spread over their useful lives 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 the statement of 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 the statement of 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, 2018 (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 IFRS 9. 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 off 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, 2018 (Unaudited)

(In Arab Emirates Dirham)

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, 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 year	55,000	13,202,425	524,192	773,578	370,935	-	9,466,241	24,392,371
Disposal during the year	-	-	-	(114,000)	-	-	-	(114,000)
As at December 31, 2017 (Audited)	152,479,845	1,958,641,476	3,290,693	26,433,890	12,705,762	30,918,672	10,214,872	2,194,685,210
Addition during the period	60,425	7,985,415	122,536	42,858	158,509	-	14,299,137	22,668,880
Transferred from capital work-in-progress	1,926,606	-	-	-	-	-	(1,926,606)	-
As at June 30, 2018 (Unaudited)	154,466,876	1,966,626,891	3,413,229	26,476,748	12,864,271	30,918,672	22,587,403	2,217,354,090
Accumulated depreciation								
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 year	4,455,825	42,812,287	184,325	558,061	327,460	778,873	-	49,116,831
Eliminated on disposal during the year	-	-	-	(113,998)	-	-	-	(113,998)
As at December 31, 2017 (Audited)	34,953,512	855,402,988	2,710,526	24,563,991	12,185,576	22,366,794	-	952,183,387
Charge for the period	2,257,997	21,699,219	121,044	352,771	185,940	389,437	-	25,006,408
As at June 30, 2018 (Unaudited)	37,211,509	877,102,207	2,831,570	24,916,762	12,371,516	22,756,231	-	977,189,795
Carrying value								
As at June 30, 2018 (Unaudited)	117,255,367	1,089,524,684	581,659	1,559,986	492,755	8,162,441	22,587,403	1,240,164,295
As at December 31, 2017 (Audited)	117,526,333	1,103,238,488	580,167	1,869,899	520,186	8,551,878	10,214,872	1,242,501,823

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 mainly represents equipment being installed.
- Borrowing costs capitalized during the period amounted to AED 247,652 (June 30, 2017: AED Nil).
- Registered chattel mortgage (to be executed) over the Waste Heat Recovery based captive power plant expansion project and assignment of insurance policy covering the project in favour of the bank against a term loan (note 16).
- Insurance policies covering movable assets are assigned in favour of a bank against a term loan (note 16).
- Commercial mortgage over Thermal Power Plant, 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 353,214,477 (December 31, 2017: AED 352,998,071).

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, 2018 (Unaudited)

(In Arab Emirates Dirham)

	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
4 Concession rights		
Carrying value at the end of the period/year	-	1,100,000
		Concession rights
Cost:		
As at December 31, 2016 (Audited)		22,000,000
As at December 31, 2017 (Audited)		22,000,000
As at June 30, 2018 (Unaudited)		22,000,000
Accumulated amortisation:		
As at December 31, 2016 (Audited)		18,700,000
Amortisation for the year		2,200,000
As at December 31, 2017 (Audited)		20,900,000
Amortisation for the period		1,100,000
As at June 30, 2018 (Unaudited)		22,000,000
Carrying value:		
As at June 30, 2018 (Unaudited)		-
As at December 31, 2017 (Audited)		1,100,000

Concession rights were 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.

	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
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 has not started commercial production as at June 30, 2018.

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	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
6 Inventories		
Raw materials	24,140,925	22,480,812
Semi-finished products	67,558,489	55,183,254
Finished products	2,319,059	3,721,621
	(a) <u>94,018,473</u>	<u>81,385,687</u>
Spare parts	131,883,513	135,885,476
Less: Allowance for slow-moving spare parts	(24,000,000)	(24,000,000)
	<u>107,883,513</u>	<u>111,885,476</u>
Burning media	87,393,170	97,406,245
Bags and packing materials	474,915	606,513
	(b) <u>195,751,598</u>	<u>209,898,234</u>
Inventories in transit	(c) <u>21,642,978</u>	<u>-</u>
	(a)+(b)+(c) <u>311,413,049</u>	<u>291,283,921</u>
<i>Movement in allowance for slow-moving spare parts is as follows:</i>		
Balance at the beginning of the period/year	24,000,000	23,000,000
Charge during the period/year	-	1,000,000
Balance at the end of the period/year	<u>24,000,000</u>	<u>24,000,000</u>
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	187,084,859	177,804,196
Less: Allowance for doubtful debts	(1,778,640)	(1,796,125)
	<u>185,306,219</u>	<u>176,008,071</u>
<i>Movement in allowance for doubtful debts is as follows:</i>		
Balance at the beginning of the period/year	1,796,125	1,796,125
Reversal during the period/year	(17,485)	-
Balance at the end of the period/year	<u>1,778,640</u>	<u>1,796,125</u>
<i>Coverage:</i>		
Secured	115,146,288	122,957,695
Open credit	70,159,931	53,050,376
	<u>185,306,219</u>	<u>176,008,071</u>
Trade receivables are assigned against bank borrowings (note 16).		
8 Advances, deposits and other receivables		
Prepayments	8,898,208	606,668
Advances to suppliers	3,356,406	3,215,277
Other receivables	619,636	634,029
	<u>12,874,250</u>	<u>4,455,974</u>
9 Cash and bank balances		
Cash in hand	117,548	100,062
Bank balances - current accounts	11,287,910	13,475,529
	<u>11,405,458</u>	<u>13,575,591</u>
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) <u>355,865,320</u>	<u>355,865,320</u>

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		<u>Apr 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Apr 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(6 months)</u> <u>(Unaudited)</u>
11 Basic and diluted earnings per share					
Profit for the period	(AED)	<u>4,360,216</u>	<u>8,298,226</u>	<u>11,892,378</u>	<u>20,880,160</u>
Weighted average number of shares	(Nos.)	<u>355,865,320</u>	<u>355,865,320</u>	<u>355,865,320</u>	<u>355,865,320</u>
Basic and diluted earnings per share	(U.A.E. Fils)	<u>1.2</u>	<u>2.4</u>	<u>3.3</u>	<u>5.9</u>

12 Approved distribution of profits

During the period, a cash dividend of 6% (2017: 6%) of the paid-up share capital, amounting to AED 21,351,919 for the year 2017 (2017: AED 21,351,919 for the year 2016) was paid as approved in the shareholders' general assembly held on April 12, 2018.

	<u>Jun 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
13 Statutory reserve		
Balance at the beginning of the period/year	<u>159,518,295</u>	<u>155,813,112</u>
Add: Transferred from profit for the period/year (note 15)	<u>-</u>	<u>3,705,183</u>
Balance at the end of the period/year	<u>159,518,295</u>	<u>159,518,295</u>

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	<u>222,536,002</u>	<u>222,536,002</u>
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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	<u>313,141,451</u>	<u>304,446,725</u>
Profit for the period/year	<u>11,892,378</u>	<u>37,051,828</u>
Remuneration to the Board of Directors (note 20)	<u>(3,300,000)</u>	<u>(3,300,000)</u>
Transferred to statutory reserve (note 13)	<u>-</u>	<u>(3,705,183)</u>
Dividends (note 12)	<u>(21,351,919)</u>	<u>(21,351,919)</u>
Balance at the end of the period/year	<u>300,381,910</u>	<u>313,141,451</u>

16 Bank borrowings

(a) Term loans

Balance at the beginning of the period/year	<u>374,392,126</u>	<u>406,050,214</u>
Add: Received during the period/year	<u>110,186,616</u>	<u>174,621,737</u>
Less: Repaid during the period/year	<u>(120,449,979)</u>	<u>(206,279,825)</u>
Balance at the end of the period/year	<u>364,128,763</u>	<u>374,392,126</u>

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	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
16 Bank borrowings (continued)		
(a) Term loans (continued)		
<i>Comprising:</i>		
Non-current portion	301,917,355	222,214,020
Current portion	62,211,408	152,178,106
	<u>364,128,763</u>	<u>374,392,126</u>
<i>Break-up of term loans</i>		
Term loan 1	-	98,926,642
Term loan 2	626,949	783,620
Term loan 3	95,240,681	101,240,681
Term loan 4	5,902,779	7,319,445
Term loan 5	16,700,675	6,441,670
Term loan 6	43,750,000	50,000,000
Term loan 7	201,907,679	109,680,068
	<u>364,128,763</u>	<u>374,392,126</u>

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. In February 2018, the outstanding balance of AED 98,926,642 was pre-settled through another financing arrangement (Term loan 7).

Term loan 2

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 the 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 3

During 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 the then existing term loan. During November 2017, the outstanding balance of AED 101,240,681 was rescheduled to be repaid in 22 equal quarterly installments of AED 3,000,000 each commenced in January 2018 and ending in April 2023 and the remaining amount of AED 35,240,681 to be settled in July 2023.

Term loan 4

During 2017, the Entity entered into an islamic financing arrangement (Mudaraba) from a bank operating in the United Arab Emirates for AED 8,500,000 to finance royalty payment to Fujairah Natural Resources Corporation. Repayment of this loan is in 36 equal monthly installments of AED 236,111 each commenced in August 2017 and ending in July 2020.

Term loan 5

During 2017, the Entity entered into an islamic financing arrangement (Musharaka) from a bank operating in the United Arab Emirates for AED 30,000,000, of which AED 16,700,675 was drawn down, to finance the upgradation of the raw mill / slag grinding project. Repayment of this loan is in 24 equal quarterly installments of AED 1,250,000 each commencing in December 2018 and ending in September 2024.

Term loan 6

During 2017, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 50,000,000 for general corporate purposes and to finance the purchase of a long term base stock of thermal/steaming coal. Repayment of this loan is in two tranches as follows: i) 16 equal quarterly installments of AED 2,500,000 each commenced in February 2018 and ending in November 2021 and ii) 16 equal quarterly installments of AED 625,000 each commenced in March 2018 and ending in December 2021.

Term loan 7

During 2017, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for a maximum of AED 209,680,000 of which AED 209,607,679 was drawn down, to refinance the existing liabilities with other banks. Repayment of this loan is in 26 equal quarterly installments of AED 7,700,000 each commenced in May 2018 and ending in July 2024 and the remaining amount of AED 9,366,886 to be settled in October 2024.

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

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	<u>Jun 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
16 Bank borrowings (continued)		
(b) Other bank borrowings		
Trust receipts	170,317,971	158,522,452
Short-term loans	45,000,000	-
	<u>215,317,971</u>	<u>158,522,452</u>
Bank borrowings - non-current portion		
Non-current portion of term loans is to be repaid as follows:		
In the second year	63,432,205	53,271,755
In the third to fifth year	155,336,790	127,701,584
After five years	83,148,360	41,240,681
Term loans (refer a)	<u>301,917,355</u>	<u>222,214,020</u>
Bank borrowings - current portion		
Term loans (refer a)	62,211,408	152,178,106
Other bank borrowings (refer b)	215,317,971	158,522,452
	<u>277,529,379</u>	<u>310,700,558</u>
Total bank borrowings	<u>579,446,734</u>	<u>532,914,578</u>

Bank borrowings are secured by:

- i) Commercial mortgage over Thermal Power Plant for AED 232,000,000 (note 3).
- ii) Registered chattel mortgage (to be 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 pari passu basis (note 3).
- iv) Assignment of insurance policy for AED 236.9 million covering the Thermal Power Plant (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 & Dibba 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).
- xi) Registered mortgage and assignment of insurance policy over specific machinery being upgraded (note 3).

	<u>Jun 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
17 Employees' end of service benefits		
Balance at the beginning of the period/year	16,214,496	15,133,269
Add: Charge for the period/year	1,551,407	2,081,377
Less: Paid during the period/year	(935,982)	(1,000,150)
Balance at the end of the period/year	<u>16,829,921</u>	<u>16,214,496</u>

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	<u>Jun 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
18 Trade and other payables		
Trade payable	106,336,990	119,572,343
Retention payable	1,801,648	522,141
Dividends payable	3,979,486	3,999,759
Advances received from customers	1,548,701	1,161,247
Accruals	21,468,532	11,812,330
Interest payable	3,582,974	3,513,016
Other payables	1,427,758	1,715,402
	<u>140,146,089</u>	<u>142,296,238</u>

	<u>Apr 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Apr 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(6 months)</u> <u>(Unaudited)</u>
19 Revenue				
Sales : Within U.A.E.	86,236,819	70,185,878	171,988,501	136,592,168
: Outside U.A.E. : G.C.C.	68,254,907	84,949,429	145,720,025	174,104,784
: Others	24,320	-	24,320	104,850
	<u>154,516,046</u>	<u>155,135,307</u>	<u>317,732,846</u>	<u>310,801,802</u>

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". Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel.

	<u>Jun 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
a) Balances due from related parties (included in trade receivables)	3,937,348	1,435,230
b) Balances due to related party (included in trade and other payables)	92,689	461,505
c) Transactions with related parties		

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

	<u>Apr 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Apr 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2018 to</u> <u>Jun 30, 2018</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2017 to</u> <u>Jun 30, 2017</u> <u>(6 months)</u> <u>(Unaudited)</u>
Sales	2,287,574	1,037,343	5,036,886	2,077,143
Construction of property, plant and equipment	671,775	700,000	943,775	700,000
Purchases	32,865	-	32,865	-

d) Key management personnel compensation

The compensation of key management personnel is as follows:

	<u>Jun 30, 2018</u> <u>(Unaudited)</u>	<u>Dec 31, 2017</u> <u>(Audited)</u>
Key management remuneration	999,800	1,006,690
Remuneration to the Board of Directors (as approved in the shareholders' general assembly) (note 15)	3,300,000	3,300,000

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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, there has been no other known contingent liability on the condensed interim financial information as of the reporting date.

23 Commitments

	<u>Jun 30, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Commitments for construction/installation of property, plant and equipment	<u>8,118,082</u>	<u>21,214,050</u>

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known commitment on the condensed interim financial information as of the reporting date.

24 Comparative amounts

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 shareholders' equity.