

**FUJAIRAH CEMENT INDUSTRIES P.J.S.C
FUJAIRAH
UNITED ARAB EMIRATES**

**CONDENSED INTERIM FINANCIAL
STATEMENTS FOR THE SIX MONTHS
PERIOD ENDED 30 JUNE 2019**

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

INDEX	Page	Exhibit
Review Report on Condensed Interim Financial Statements	1	--
Condensed Interim Statement of Financial Position	2	A
Condensed Interim Statement of Other Comprehensive Income	3	B
Condensed Interim Statement of Changes in Equity	4	C
Condensed Interim Statement of Cash Flows	5	D
Notes to the Condensed Interim Financial Statements	6 - 20	--

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**Review Report on Condensed Interim Financial Statements
to the Board of Directors of Fujairah Cement Industries P.J.S.C
(Public J.S.C)**

Introduction

We have reviewed the accompanying condensed interim financial statements of **Fujairah Cement Industries P.J.S.C (the "Company")** which comprise the interim statement of financial position as at 30 June 2019 and the condensed interim statement of comprehensive income, changes in equity and cash flows for the six months period then ended, and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed 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 Company". A review of condensed 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 statements as at 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 7 February 2019. Furthermore the condensed interim financial statements of the Company for the Six Months period ended 30 June 2018 were reviewed by another auditor who expressed an unmodified conclusion on 9 August 2018.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL



Ali Hasan Shalabi
Licensed Auditor No. 34

18 July 2019

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Condensed Interim Statement of Financial Position
As at 30 June 2019

EXHIBIT A

	Note	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	1,208,619,847	1,220,082,324
Right-of-use assets	5	127,658,705	--
Total Non-Current Assets		1,336,278,552	1,220,082,324
Current Assets			
Investments in an associate –held for sale	6	--	13,535,182
Inventories	7	353,406,357	339,359,688
Trade receivables	8	195,436,331	194,605,942
Advances and other receivables	9	21,649,212	6,203,776
Cash and bank balances	10	14,188,341	16,834,898
Total Current Assets		584,680,241	570,539,486
TOTAL ASSETS		1,920,958,793	1,790,621,810
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	11	355,865,320	355,865,320
Statutory reserve	12	160,876,827	160,876,827
Voluntary reserve	13	222,536,002	222,536,002
Retained earnings		289,447,700	300,716,317
Total Shareholders' Equity – Exhibit C		1,028,725,849	1,039,994,466
Non-Current Liabilities			
Employees' end of service benefits	14	14,039,409	15,977,927
Lease liabilities	15	130,806,727	--
Bank borrowings	16	247,252,730	276,235,107
Total Non-Current Liabilities		392,098,866	292,213,034
Current Liabilities			
Trade and other payables	17	142,071,479	143,612,781
Lease liabilities	15	10,778,624	--
Bank borrowings	16	347,283,975	314,801,529
Total Current Liabilities		500,134,078	458,414,310
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,920,958,793	1,790,621,810

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were approved for issue on behalf of the Board of Directors on 18 July 2019



Sheikh Mohamed Bin Hamad Saif Al Sharqi
(Chairman)



Mr. Saeed Mobarak Obaid Al - Zahmy
(Board Member)

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Condensed Interim Statement of Other Comprehensive Income
For the Six Months Period Ended 30 June 2019 (Unaudited)

EXHIBIT B

	Note	Six months period ended		Three months period ended	
		30 June 2019 AED	30 June 2018 AED	30 June 2019 AED	30 June 2018 AED
Revenue	18	294,310,803	317,732,846	137,647,915	154,516,046
Cost of sales		(232,337,039)	(250,310,999)	(105,174,868)	(121,829,163)
Gross profit		61,973,764	67,421,847	32,473,027	32,686,883
Gain in sale of investment of associate		6,688,314	--	6,688,314	--
Other income	19	3,954,656	1,238,650	382,705	611,422
Selling and distribution expenses		(39,034,798)	(36,091,786)	(19,746,506)	(18,144,840)
General administrative expenses		(7,412,868)	(7,535,687)	(3,883,455)	(3,186,357)
Amortization of concession rights		--	(1,100,000)	--	(550,000)
Finance cost – bank borrowing		(16,116,306)	(12,040,646)	(8,116,077)	(7,056,892)
Finance cost lease liability		(2,305,463)	--	(1,146,935)	--
Profit for the Period - Exhibit D		7,747,299	11,892,378	6,651,073	4,360,216
Other comprehensive income		--	--	--	--
Total Comprehensive income for the period - Exhibit B		7,747,299	11,892,378	6,651,073	4,360,216
Earnings per share (AED. Fils per share)	20	2.1	3.3	1.8	1.2

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
 Condensed Interim Statement of Changes In Equity
 For the Six Months Period Ended 30 June 2019 (Unaudited)

EXHIBIT C

	<u>Share Capital</u> AED	<u>Statutory reserves</u> AED	<u>Voluntary reserve</u> AED	<u>Retained earnings</u> AED	<u>Total</u> AED
Balance at 1 January 2018 (Audited)	355,865,320	159,518,295	222,536,002	313,141,451	1,051,061,068
Total comprehensive income for the period ended 30 June 2018 - Exhibit B	--	--	--	11,892,378	11,892,378
Remuneration to the Board of Directors	--	--	--	(3,300,000)	(3,300,000)
Dividends paid	--	--	--	(21,351,919)	(21,351,919)
Balance at 30 June 2018 (Unaudited)	355,865,320	159,518,295	222,536,002	300,381,910	1,038,301,527
Balance at 1 January 2019 (Audited)	355,865,320	160,876,827	222,536,002	300,716,317	1,039,994,466
Total comprehensive income for the period ended 30 June 2019 - Exhibit B	--	--	--	7,747,299	7,747,299
Remuneration to the Board of Directors	--	--	--	(1,222,650)	(1,222,650)
Dividends paid	--	--	--	(17,793,266)	(17,793,266)
Balance at 30 June 2019 (Unaudited) - Exhibit A	355,865,320	160,876,827	222,536,002	289,447,700	1,028,725,849

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
 CONDENSED INTERIM FINANCIAL STATEMENTS

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Condensed Interim Statement of Cash Flows
For the Six Months Period Ended 30 June 2019 (Unaudited)

EXHIBIT D

	<u>30 June 2019</u>	<u>30 June 2018</u>
	AED	AED
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - Exhibit B	7,747,299	11,892,378
Adjustments for:		
Depreciation	26,023,360	25,006,408
Amortization of right-of-use assets	4,744,517	--
Amortization of concession rights	--	1,100,000
Gain on sale of property, plant and equipment	(25,198)	--
Employees end of service benefits	1,295,003	1,551,407
Reversal of provision for impairment of trade receivable	--	17,485
Gain on sale of investment in associate	(6,688,314)	--
Reversal of excess of provision for employees end of service benefits	(1,625,594)	--
Finance cost lease liability	2,305,463	--
Finance cost – bank borrowing	16,116,306	12,040,646
Operating Cash flows Before Changes in Operating assets and liabilities	49,892,842	51,608,324
Increase in inventories	(14,046,669)	(20,129,128)
Increase in trade receivables	(830,389)	(9,315,633)
Increase in advances and other receivables	(15,445,436)	(8,418,276)
Increase/(decrease) in trade and other payables	5,854,520	(2,220,107)
Settlements of employees end of service benefits	(1,607,927)	(935,982)
Net Cash Provided by Operating Activities	23,816,941	10,589,198
CASH FLOW FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment	(14,560,885)	(22,668,880)
Proceeds from sale of property, plant and equipment	25,200	--
Proceeds from sale of investment	20,223,496	--
Net Cash Provided by/(Used in) Investing Activities	5,687,811	(22,668,880)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(736,176)	--
Proceeds from term loans	1,414,603	110,186,616
Repayments of term loans	(30,025,583)	(120,449,979)
Proceeds from other bank borrowings, net	32,111,049	56,795,519
Finance cost paid on bank borrowings	(15,899,286)	(11,970,688)
Dividends paid	(17,793,266)	(21,351,919)
Remuneration to the board of directors	(1,222,650)	(3,300,000)
Net Cash (Used in)/Provided by Financing Activities	(32,151,309)	9,909,549
Net decrease in cash and cash equivalents	(2,646,557)	(2,170,133)
Cash and cash equivalents at beginning of period	16,834,898	13,575,591
Cash and Cash Equivalents at end of Period - Note 21	14,188,341	11,405,458

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
CONDENSED INTERIM FINANCIAL STATEMENTS**

1. STATUS AND ACTIVITIES

Fujairah Cement Industries P.J.S.C – Fujairah (the “Company”) is a public joint stock company in the Emirate of Fujairah – United Arab Emirates established on 20 December 1979. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange and Boursa Kuwait (Kuwait Stock Exchange).

The main activities of Company are clinkers and hydraulic cement manufacturers.

The Company is domiciled on its registered address in P.O. Box : 600, Fujairah - United Arab Emirates.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting".

Condensed interim financial statements does not include all of the information and footnotes required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Company’s annual audited financial statements as at and for the year ended 31 December 2018. In addition, results for the Six Months period ended 30 June 2019 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2019.

2.2 Basis of measurement

These condensed interim financial statements are prepared under the historical cost convention.

These condensed interim financial statements are presented in Arab Emirates Dirham (AED), which is the Company’s Functional Currency. Amounts in the condensed interim financial statements are rounded to the nearest Arab Emirates Dirham (AED).

2.3 Judgments and estimates

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

In preparing these condensed interim financial statements the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as that were applied to financial statements for the year ended 31 December 2018.

2. BASIS OF PREPARATION (CONTINUED)

2.4 Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in audited financial statements for the year ended 31 December 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the Company's audited annual financial statements for the year ended 31 December 2018, except for the adoption of new and amended standard as set below.

IFRS 16 "Leases"

Mandatory for annual periods beginning on or after 1 January 2019.

IFRS 16 specifies how an IFRSs reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. For each lease, the lessee recognizes a liability for future lease obligations. Correspondingly, a right-of-use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

Application of IFRS 16 - Leases

The Company has adopted IFRS 16 using the modified retrospective transition approach as of 1 January 2019 and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. All right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for prepaid or accrued lease expenses). Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

	AED
Operating lease commitments as of 31 December 2018	132,403,222
Add : Adjustments as a result of changes in contracts, lease terms and payment (net)	7,612,842
	<hr/>
Lease liability recognized as of 1 January 2019	140,016,064
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Of which are :	
Current lease liabilities	6,141,592
Non-current lease liabilities	133,874,472
	<hr/>
	140,016,064
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Application of IFRS 16 – Leases (Continued)

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

As result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Company recognized AED. 132,403,222 as right-of-use assets and AED. 140,016,064 as leased liabilities.

Based on the approach adopted by the Company of IFRS 16 Leases, it did not result in any impact on retained earnings on 1 January 2019.

The policy mentioned below applied to contracts entered into or changed, on or after 1 January 2019.

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to contract the use of an identified asset for the Company for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether :

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically identified asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use : and
- The Company has the right to direct the use of asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset is either the Company has the right to operate the asset or the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, where the contract is not separable into lease and non-lease component then the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Application of IFRS 16 – Leases (Continued)

The Company recognizes a right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right use of asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following :

- Fixed payments, including in-substance fixed payments ;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date ;
- Amounts expected to be payable under a residual value guarantee; and
- Exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company's changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

4. PROPERTY, PLANT AND EQUIPMENT

a) The details of this item are as follows :

	Land & Building AED	Plant And Machinery AED	Furniture and Fixtures AED	Vehicles and Mobile Plant AED	Tools And Equipment AED	Quarry Development Cost AED	Capital Work In Progress AED	Total AED
Cost :								
At 1 January 2018	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
Additions during the year	135,341	11,371,642	140,636	1,010,487	244,010	--	15,309,280	28,211,396
Transfers	6,155,126	17,467,192	--	--	--	--	(23,622,318)	--
Disposals during the year	--	--	--	(4,900)	--	--	--	(4,900)
Balance at 31 December 2018	158,770,312	1,987,480,310	3,431,329	27,439,477	12,949,772	30,918,672	1,901,834	2,222,891,706
Additions during the period	1,800	13,150,486	70,887	181,055	144,340	380,453	631,864	14,560,885
Disposals during the period	--	--	--	(286,900)	--	--	--	(286,900)
Balance at 30 June 2019	158,772,112	2,000,630,796	3,502,216	27,333,632	13,094,112	31,299,125	2,533,698	2,237,165,691
Accumulated Depreciation :								
At 1 January 2018	34,953,512	855,402,988	2,710,526	24,563,991	12,185,576	22,366,794	--	952,183,387
Addition during the year	4,641,159	43,912,656	238,813	726,948	332,445	778,873	--	50,630,894
Disposals during the year	--	--	--	(4,899)	--	--	--	(4,899)
Balance at 31 December 2018	39,594,671	899,315,644	2,949,339	25,286,040	12,518,021	23,145,667	--	1,002,809,382
Addition during the period	2,391,279	22,508,350	118,573	462,045	140,088	403,025	--	26,023,360
Disposals during the period	--	--	--	(286,898)	--	--	--	(286,898)
Balance at 30 June 2019	41,985,950	921,823,994	3,067,912	25,461,187	12,658,109	23,548,692	--	1,028,545,844
Net Book Value :								
At 30 June 2019 - Exhibit A (Unaudited)	116,786,162	1,078,806,802	434,304	1,872,445	436,003	7,750,433	2,533,698	1,208,619,847
At 31 December 2018 - Exhibit A (Audited)	119,175,641	1,088,164,666	481,990	2,153,437	431,751	7,773,005	1,901,834	1,220,082,324

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- b) Part of the buildings, plant and machinery are constructed/erected on land obtained on lease from the Government of Fujairah.
- c) Motor vehicles of AED. 27,333,632 mentioned above include motor vehicles of AED. 1,468,544 (Net book value: AED. 313,489) mortgaged against their purchase finance.
- d) Borrowing costs capitalized during the period amounted to AED. Nil (30.6.2018 : AED. 247,652).
- e) There is a registered chattel mortgage (being executed) over the Waste Heat Recovery captive power plant expansion project and an assignment of insurance policy covering the project in favour of the bank against a term loan (Note 16).
- f) Insurance policy covering movable assets are assigned in favor of a bank against a term loan (Note 16).
- g) 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 bank borrowings (Note 16).
- h) Depreciation is fully charged to cost of sales.
- i) Cost of fully depreciated property, plant and equipment that was still in use , at the end of the reporting period , amounted to AED. 353,900,183 (31.12.2018 : AED. 354,046,669).
- j) There is a registered mortgage and assignment of insurance policy over specific machinery being upgraded (Note 16).

5. RIGHT-OF-USE ASSET

The movement of the right-of-use asset is summarized as follows :

	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	AED	AED
Cost :		
At 1 January 2019 upon adoption of IFRS 16	132,403,222	--
Balance at 30 June 2019	132,403,222	--
Depreciation :		
Charged for the period	4,744,517	--
Balance at 30 June 2019	4,744,517	--
Net book Value :		
At 30 June 2019 – Exhibit A	127,658,705	--

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

6. INVESTMENT IN AN ASSOCIATE – HELD FOR SALE

It represents 20% interest in the share capital of Sohar Cement Factory L.L.C, Sohar Sultanate of Oman (the “Associate”). During 2016, the Company invested in the Associate, whose paid-up share capital is Omani Riyals 7,100,000, comprising 7,100,000 shares of one Omani Riyals one each. The Associate is licensed to engage in manufacturing of all kinds of cement. The Associate has commenced commercial production in July 2018.

The movement in associate is as follows :

	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	AED	AED
Balance at the beginning of the period/year	13,535,182	13,561,000
Share of loss from associate	--	(25,818)
Sale during the period/year	(13,535,182)	--
Balance at the end of the period/year – Exhibit A	==	==

During the period, the Company sold its investment in the associate as mentioned above.

7. INVENTORIES

This item consists of the following :

	30 June 2019	31 December 2018
	(Unaudited)	(Audited)
	AED	AED
Raw Materials	12,589,166	19,501,654
Semi-finished products	110,635,165	103,285,859
Finished products	2,855,814	2,246,273
Total	126,080,145	125,033,786
Spare parts	139,059,575	144,298,445
Allowance for slow-moving spare parts	(24,000,000)	(24,000,000)
Net	115,059,575	120,298,445
Burning media	110,378,964	91,307,016
Bags and packing material	522,812	507,208
Total	225,961,351	212,112,669
Good-in-transit	1,364,861	2,213,233
Total – Exhibit A	==	==

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

8. TRADE RECEIVABLES

a) This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Trade receivables	197,359,617	196,532,395
Provision for impairment of trade receivables - Note 8(b)	<u>(1,923,286)</u>	<u>(1,926,453)</u>
Net amount – Exhibit A	<u>195,436,331</u>	<u>194,605,942</u>
Coverage :		
Trade receivables against BG and L/C's	105,642,987	112,030,273
Trade receivables - uncovered	<u>89,793,344</u>	<u>82,575,669</u>
Total – Exhibit A	<u>195,436,331</u>	<u>194,605,942</u>

b) Movement in provision for impairment of trade receivables

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Balance at the beginning of the period/year	1,926,453	1,796,125
Additions during the period/year	--	147,813
Reversal of excess provision	--	(17,485)
Written off	<u>(3,167)</u>	<u>--</u>
Net Amount – Note 8(a)	<u>1,923,286</u>	<u>1,926,453</u>

c) Trade receivables are assigned against bank borrowings (Note 16).

9. ADVANCES AND OTHER RECEIVABLES

This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Prepayments	13,764,693	634,879
Advances to suppliers	4,739,157	4,865,317
Other receivables	<u>3,145,362</u>	<u>703,580</u>
Total - Exhibit A	<u>21,649,212</u>	<u>6,203,776</u>

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

10. CASH AND BANK BALANCES

This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Cash in hand	136,880	115,137
Bank balances - Current accounts	14,051,461	16,719,761
Total – Exhibit A	14,188,341	16,834,898

11. SHARE CAPITAL

a) This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Authorized share capital is 355,865,320 ordinary shares of AED. 1 each fully paid – Exhibit A	355,865,320	355,865,320

b) During the period, a cash dividend of 5% (2018 : 6%) of the paid up share capital amounting to AED. 17,793,266 for the year 2018 (2018 : AED. 21,351,919 for the year 2017) was paid as approved in Shareholders' General Assembly on 25 April 2019.

12. STATUTORY RESERVE

This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Balance at the beginning of the period/year	160,876,827	159,518,295
Add: Transferred from profit for the period/year	--	1,358,532
Balance at the end of the period/year - Exhibit C	160,876,827	160,876,827

In accordance with UAE Federal Law No. (2) of 2015 and Company's Articles of Association, 10% of the profit of each year is to be appropriated to a statutory reserve. Transfer may be discounted 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.

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

13. VOLUNTARY RESERVE

This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Balance at the beginning of the period/year- Exhibit C	222,536,002	222,536,002

In prior years, 10% of the profit 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 UAE Federal Law No. (2) of 2015 and the Company's Articles of Association.

14. EMPLOYEES END OF SERVICE BENEFITS

This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Balance at the beginning of the period/year	15,977,927	16,214,496
Add: Charge for the period/year	1,295,003	2,232,590
Less: Paid during the period/year	(1,607,927)	(2,469,159)
Provision written back	(1,625,594)	--
Balance at the end of the period/year - Exhibit A	14,039,409	15,977,927

15. LEASE LIABILITIES

This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
At 1 January 2019 upon adoption of IFRS 16	140,016,064	--
Lease liabilities for the period/year	2,305,463	--
Payment during the period/year	(736,176)	--
Balance at the end of the period/year	141,585,351	--
Non-Current -Exhibit A	130,806,727	--
Current -Exhibit A	10,778,624	--
Total	141,585,351	--

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

16. BANK BORROWINGS

a) This item consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Balance at the beginning of the period/year	338,181,998	374,392,126
Add: Received during the period/year	1,414,603	113,626,653
Less: Repaid during the period/year	(30,025,583)	(149,836,781)
	<u>309,571,018</u>	<u>338,181,998</u>
Non-Current portion – Exhibit A	247,252,730	276,235,107
Current portion – Note 16(b)(ii)	62,318,288	61,946,891
	<u>309,571,018</u>	<u>338,181,998</u>
Total	<u>309,571,018</u>	<u>338,181,998</u>

b) Other bank borrowings

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Trust receipts	184,965,687	152,854,638
Short terms loans	100,000,000	100,000,000
	<u>284,965,687</u>	<u>252,854,638</u>
Total - Note 16(b)(ii)	<u>284,965,687</u>	<u>252,854,638</u>

i) Bank borrowings Non-current portion

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
In the second year	59,499,303	60,554,981
In the third to fifth year	169,664,589	151,325,408
After five year	18,088,838	64,354,718
	<u>247,252,730</u>	<u>276,235,107</u>
Total - Note 16(a)	<u>247,252,730</u>	<u>276,235,107</u>

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

16. BANK BORROWINGS (CONTINUED)

ii) Bank borrowings Current portion

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Term loans - Note 16(a)	62,318,288	61,946,891
Other bank borrowings – Note 16(b)	284,965,687	252,854,638
Total – Exhibit A	347,283,975	314,801,529
Total Bank borrowings	594,536,705	591,036,636

iii) Bank borrowings are secured by:

- Registered charge over Thermal Power Plant (including machinery).
- Registered chattel mortgage (to be executed) over the Waste Heat Recovery based captive power plant expansion project
- Assignment of insurance policy for AED. 435.611 million covering factory on a pari passu basis.
- Assignment of insurance policy for AED. 236.9 million covering the Thermal Power Plant.
- Assignment of insurance policy for AED. 124.4 million covering the Waste Heat Recovery based captive power plant expansion project (Note 4).
- Assignment of insurance policies covering moveable assets on pari passu basis (Note 4).
- Assignment of leasehold rights (between the Company & Dibba Municipality) over the land on which the Thermal Power Plant is located.
- Hypothecation of certain vehicles.
- Assignment of insurance policy over inventories on pari passu basis.
- General assignments of trade receivables in favor of the bank.
- Registered mortgage (to be executed) and assignment of insurance policy over specific machinery being upgraded.

17. TRADE AND OTHER PAYABLES

This items consists of the following :

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Trade payables	120,808,090	116,882,263
Retentions payable	727,108	727,108
Dividends payable	3,972,261	3,979,491
Advanced received from customers	569,967	579,132
Accrued expenses	11,517,605	15,247,255
Accrued interest payables	4,017,740	3,800,720
Others	458,708	2,396,812
Total – Exhibit A	142,071,479	143,612,781

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

18. REVENUE

This items consists of the following :

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>30 June 2019</u>	<u>30 June 2018</u>	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED	AED	AED
Sales :				
Within UAE	133,973,695	171,988,501	57,470,616	86,236,819
Outside - UAE-GCC	146,819,860	145,720,025	66,660,051	68,254,907
Others	13,517,248	24,320	13,517,248	24,320
Total – Exhibit B	294,310,803	317,732,846	137,647,915	154,516,046

19. OTHER INCOME

This items consists of the following :

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>30 June 2019</u>	<u>30 June 2018</u>	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED	AED	AED
Excess provision for employees end of service benefits written back	1,625,594	--	--	--
Gain on disposal of property, plant and equipment	25,198	--	--	--
Accounts payable written off	1,269,000	--	--	--
Miscellaneous income	1,034,864	1,238,650	382,705	611,422
Total – Exhibit B	3,954,656	1,238,650	382,705	611,422

20. BASIC EARNINGS PER SHARE

This items consists of the following :

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>30 June 2019</u>	<u>30 June 2018</u>	<u>30 June 2019</u>	<u>30 June 2018</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED	AED	AED
Profit for the period (AED)	7,747,299	11,892,378	6,651,073	4,360,216
Number of shares (Share)	355,865,320	355,865,320	355,865,320	355,865,320
Basic earnings per share (AED. Fils) – Exhibit B	2.1	3.3	1.8	1.2

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Interim Financial Statements
For the Six Months Period Ended 30 June 2019

21. CASH AND CASH EQUIVALENTS

At 30 June 2019 and 2018 “cash and cash equivalents” included in the condensed interim statement of cash flows (Exhibit D) comprise the following items :

	<u>Six months period ended</u>	
	<u>30 June 2019</u> <u>(Unaudited)</u> AED	<u>30 June 2018</u> <u>(Unaudited)</u> AED
Cash in hand	136,880	117,548
Bank balances -Current accounts	14,051,461	11,287,910
Total - Exhibit D	14,188,341	11,405,458

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company enters into various transactions with related parties. Related parties represent major shareholders, directors and key management personnel of the Company and entities controlled, jointly controlled or significantly influenced by such parties. The prices and terms of these transactions are agreed with the Company’s management.

	<u>30 June 2019</u> <u>(Unaudited)</u> AED	<u>31 December 2018</u> <u>(Audited)</u> AED
• Balances due from related parties (included in trade receivables)	1,066,282	12,606,444
• Balances due to related parties (included in trade and other payables)	839,876	--

• The following are the details of significant related parties transactions :

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>30 June 2019</u> <u>(Unaudited)</u> AED	<u>30 June 2018</u> <u>(Unaudited)</u> AED	<u>30 June 2019</u> <u>(Unaudited)</u> AED	<u>30 June 2018</u> <u>(Unaudited)</u> AED
Sales	1,641,115	5,036,886	681,723	2,287,574
Construction of property, plant and equipment	--	943,775	--	671,775
Purchases / Services Contracts	1,305,000	32,865	405,000	32,865

The remuneration, salaries and other benefits of Board of Directors and other members of key management during the period were as follows :

	<u>Six months period ended</u>		<u>Three months period ended</u>	
	<u>30 June 2019</u> <u>(Unaudited)</u> AED	<u>30 June 2018</u> <u>(Unaudited)</u> AED	<u>30 June 2019</u> <u>(Unaudited)</u> AED	<u>30 June 2018</u> <u>(Unaudited)</u> AED
Key management remuneration Remuneration to the board of directors (as approved in the Shareholder General Assembly)	2,519,621	2,523,139	958,097	999,800
	1,222,650	3,300,000	1,222,650	3,300,000

22. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Remuneration to the Board of Directors for the year 2018, approved in the Annual General Meeting held on 25 April 2019 amounts to AED. 1,222,650 (2017 : AED. 3,300,000).

23. CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities

Except for ongoing business obligations which are under normal course of business, there has been no other known contingent liability on the Company's financial statements as of the reporting date.

ii) Commitments

	30 June 2019 (Unaudited) AED	31 December 2018 (Audited) AED
Commitments for the purchase of property, plant and equipment	<u>1,914,143</u>	<u>8,090,448</u>

24. COMPARATIVE FIGURES

Certain figures of the period prior 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.