NATIONAL CEMENT COMPANY
(PUBLIC SHAREHOLDING CO.)
DUBAI, UAE

Interim Condensed Financial Statements
Period ended June 30, 2018

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

Interim condensed financial statements for the period ended June 30, 2018

Contents	**Page No.**

سـي ان كـيـه حـسـين الـصـايغ شـارتـرد اكـاونـتـنـتـس
CNK Hussain Alsayegh Chartered Accountants
+971 4 355 9533 +971 4 355 9544 admin@cnkhas.com www.cnkhas.com
Suite # 17.06, Sheikh Rashid Tower, Dubai world Trade Centre, Sheikh Zayed Road, P.O. Box 454442, Dubai, U.A.E

Review report of the independent auditors to the shareholders of National Cement Company (Public Shareholding Co.), Dubai

We have reviewed the accompanying interim condensed statement of financial position of National Cement Company (Public Shareholding Co.) ("the Company") as of June 30, 2018, and the related interim condensed statement of income, Interim condensed statement of profit or loss and other comprehensive income & changes in equity and cash flows for the six months period then ended ("the interim financial information").

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410," Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of person 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 matter that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, no matter has come to our attention that causes us to believe that the accompanying interim financial information as of June 30, 2018 is not prepared, in all material respect, in accordance with IAS 34,'Interim Financial Reporting'.

For and on behalf of
CNK Hussain Alsayegh
Chartered Accountants

P.O. Box: 454442
DUBAI - U.A.E.
CNK HUSSAIN ALSAYEGH CHARTERED ACCOUNTANTS

Hussain Nasser Hassan Alsayegh
Regn No.: 738

Date: August 8, 2018
Place: Dubai, UAE

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2018

	Note	Unaudited June 30, 2018 AED'000	*Audited December 31, 2017 AED'000
NON CURRENT ASSETS			
Property, plant and equipment	5	222,582	224,486
Investment properties	6	2,924	2,924
Investments carried at FVTOCI/ Available for sale	7	1,249,214	1,234,498
Investments carried at FVTPL	7	8,605	-
Investment in an associate	8	98,765	256,790
Loan receivable from associate	9	260,898	260,898
TOTAL NON CURRENT ASSETS		**1,842,988**	**1,979,596**
CURRENT ASSETS			
Investments carried at FVTPL/ Available for sale	7	2,640	701
Loan receivable from associate	9	55,102	55,102
Inventories	10	76,277	59,696
Trade and other receivables	11	171,417	139,097
Due from related parties	12	78,366	46,840
Cash and cash equivalents	13	52,317	18,895
TOTAL CURRENT ASSETS		**436,119**	**320,331**
CURRENT LIABILITIES			
Due to related parties	12	21,580	30,237
Bank loan	14	210,788	105,806
Trade and other payables	15	88,433	40,404
TOTAL CURRENT LIABILITIES		**320,801**	**176,447**
NET CURRENT ASSETS		**115,318**	**143,884**
NON CURRENT LIABILITIES			
Provision for employees' end of service gratuities		22,648	23,418
Bank loan	14	218,638	261,497
TOTAL NON CURRENT LIABILITIES		241,286	284,915
NET ASSETS		**1,717,020**	**1,838,565**
EQUITY			
Share capital	16	358,800	358,800
Share application money		26	26
Fair value reserve	17	610,939	550,573
General reserve	18	316,517	316,517
Statutory reserve	19	179,402	179,402
Foreign exchange reserve		146,115	304,138
Retained earnings		105,221	129,109
TOTAL EQUITY		**1,717,020**	**1,838,565**

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen by the company, comparative information is not restated.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on August 8, 2018 and were signed on their behalf by:

Director **Director**

The notes on pages 7 to 21 form part of these interim condensed financial statements.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF INCOME FOR THE PERIOD ENDED JUNE 30, 2018

	Note	Unaudited Three months period ended June 30, 2018 AED'000	*Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	*Unaudited Six months period ended June 30, 2017 AED'000
Revenue		57,351	54,248	106,678	103,189
Cost of sales	22	(53,064)	(49,216)	(100,627)	(94,993)
Gross profit		**4,287**	**5,032**	**6,051**	**8,196**
Interest income		4,673	2,949	9,243	6,180
Other income	23	5,890	5,159	10,250	10,535
Administration, selling and general expenses	24	(16,664)	(6,635)	(22,894)	(12,632)
Finance cost		(5,157)	(4,338)	(9,740)	(8,139)
Income from investments (net)	25	11,532	10,067	41,969	41,269
Net profit for the period		**4,561**	**12,234**	**34,879**	**45,409**
Basic and diluted earnings per share (AED)	26	0.01	0.03	0.10	0.13

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen by the company, comparative information is not restated.

The notes on pages 7 to 21 form part of these interim condensed financial statements.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED JUNE 30, 2018

	Note	Unaudited Three months period ended June 30, 2018 AED'000	*Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	*Unaudited Six months period ended June 30, 2017 AED'000
Net profit for the period		**4,561**	**12,234**	**34,879**	**45,409**
Other Comprehensive income					
Items that will not be reclassified to profit or loss:					
Investments carried at FVTOCI - net change in fair value	7.2	36,804	-	60,455	-
Reclassification adjustment on disposal of investments carried at FVTOCI	7.2	(5,747)	-	(5,036)	-
Changes in foreign exchange translation reserve	8	-	-	(158,025)	-
Items that are or maybe reclassified subsequently to profit or loss:					
Available for sale investments - net change in fair value		-	(87,768)	-	35,075
Other comprehensive income for the period		31,057	(87,768)	(102,606)	35,075
Total comprehensive income for the period		35,618	(75,534)	(67,727)	80,484

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen by the company, comparative information is not restated.

The notes on pages 7 to 21 form part of these interim condensed financial statements.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

Interim condensed statement of changes in equity for the period ended June 30, 2018

	Share capital AED'000	Share application money payable AED'000	Fair value reserve AED'000	General reserve AED'000	Statutory reserve AED'000	Foreign exchange translation reserve AED'000	Special reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance as at January 1, 2017	**358,800**	**26**	**504,299**	**316,517**	**179,402**	**(56,927)**	**38,129**	**307,470**	**1,647,716**
Transfer on derecognition of investments to statement of comprehensive income	-	-	(221)	-	-	-	-	-	**(221)**
Total comprehensive income for the period	-	-	35,075	-	-	-	-	45,409	**80,484**
Dividend paid during the period	-	-	-	-	-	-	-	(89,700)	**(89,700)**
Balance as at June 30, 2017 (Unaudited)	358,800	26	539,153	316,517	179,402	(56,927)	38,129	263,179	1,638,279
Balance as at January 1, 2018	**358,800**	**26**	**550,573**	**316,517**	**179,402**	**304,138**	-	**129,109**	**1,838,565**
Adjustment on initial application of IFRS 9	-	-	4,947	-	-	-	-	(4,947)	-
Transfer on derecognition of investments to statement of comprehensive income	-	-	(5,036)	-	-	-	-	-	(5,036)
Total comprehensive income for the period	-	-	60,455	-	-	(158,023)	-	34,879	(62,689)
Dividend paid during the period	-	-	-	-	-		-	(53,820)	(53,820)
Balance as at June 30, 2018 (Unaudited)	358,800	26	610,939	316,517	179,402	146,115	-	105,221	1,717,020

The notes on pages 7 to 21 form part of these interim condensed financial statements.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED JUNE 30, 2018

	Note	Unaudited Six months period ended June 30, 2018 AED'000	*Unaudited Six months period ended June 30, 2017 AED'000
Cash flows from operating activities			
Net profit for the period		34,879	45,409
Adjustments for:			
Depreciation	4	7,527	7,554
Gain on sale of property, plant and equipment		-	(33)
Provision for employees' end of service gratuities		655	1,400
Fair value change in investments at FVTPL	7.1	(859)	-
Income from investments (net)	25	(41,110)	(41,269)
Operating profit before working capital changes		1,092	13,061
Change in inventories	10	(16,581)	(4,375)
Change in trade and other receivables	11	(32,320)	39,133
Change in due from related parties	12	(31,526)	(666)
Change in trade and other payables	15	48,029	(12,520)
Change in due to related parties	12	(8,657)	1,886
Payment of end of service benefits		(1,424)	(355)
Net cash generated from operating activities		(41,387)	36,164
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(5,622)	(35,010)
Proceeds from disposal of property, plant and equipment	5	-	34
Investments at FVTOCI/available for sale	7.2	(74,643)	(150,019)
Proceeds from disposal of investments at FVTOCI/available for sale	7.2	103,993	173,402
Dividend income	25	30,878	30,577
Interest income	25	11,900	12,934
Net cash from investing activities		66,506	31,918
Cash flows from financing activities			
Dividend paid during the period		(53,820)	(89,700)
Reduction in Bank loan / Overdraft		-	-
Proceeds from new bank loan		62,123	36,002
Net cash used in financing activities		8,303	(53,698)
Net increase in cash and cash equivalents		33,422	14,384
Cash and cash equivalents at beginning of the period		18,895	22,701
Cash and cash equivalents at end of the period		52,317	37,085

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen by the company, comparative information is not restated.

The notes on pages 7 to 21 form part of these interim condensed financial statements.

1 Status and activities

National Cement Company (Public Shareholding Co.), Dubai ("the Company"), is registered in accordance with the decree issued by His Highness Ruler of Dubai on April 10, 1968 establishing a cement company in the Emirate of Dubai and in accordance with the provisions of the UAE Federal Law No. 8 of 1984 (as amended). The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from June 28, 2015 replacing the existing Federal Law No. 8 of 1984. The registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

The principal activity of the Company is to manufacture and sell cement and cement related products. The Company also invests in investment securities. The Company is listed on the Dubai Financial Market since 2005.

The interim condensed financial statements for the six months period ended June 30, 2018 were authorized for issue by the Board of Directors on August 8, 2018.

These interim condensed financial statements are presented in thousands of UAE Dirhams (AED'000) unless otherwise stated.

2 Basis of preparation

Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim condensed financial statements (International Accounting Standard 34 Interim Financial Reporting). These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2017.

This is the first set of the company's interim financial statements where IFRS 15 and IFRS 9 have been applied.

Changes to the significant accounting policies are described in note 4

Basis of measurement

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

Accounting estimates and judgments

The preparation of 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.

The significant judgments made by the management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those that were applied in preparation of the financial statements of the Company as at and for the year ended December 31, 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4.

3 Significant accounting policies

The accounting policies applied in the preparation of these interim condensed financial information are consistent with those applied in the annual financial statements of the company for the year ended December 31, 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9.

These interim condensed financial statements are presented in United Arab Emirates Dirhams ("AED"), rounded to the nearest thousand.

4 Changes in significant accounting policies

The Company has initially adopted IFRS 15 'Revenue from Contracts with Customers' (refer note 4a) and IFRS 9 Financial Instruments (refer note 4b) from 1 January 2018. With implementation of IFRS 9, the available for sale investments have been classified to FVTPL and FVTOCI. Refer note 7.1 and 7.2 for reclassification.

A number of other amendments to standards are also effective from January 1, 2018 but they do not have a material effect on the Company's financial statements.

The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending December 31, 2018.

4a IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Revenue from sale of goods

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time - requires judgement.

The Company recognizes revenue from sale of goods based on a five step model as set out in IFRS 15:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

4b IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The following table summarizes the impact of transition to IFRS 9 on the opening balance of fair value reserves and retained earnings as at January 1, 2018:

	Note	Impact of adopting IFRS 9 on opening balance In AED '000
Retained earnings		
Transfer of fair value reserve to retained earning upon reclassification of equity investments from available for sale investments to FVTPL under IFRS 9		(4,947)
Impact at January 1, 2018		**(4,947)**
Fair value reserve		
Transfer of fair value reserve to retained earning upon reclassification of equity investments from available for sale investments to FVTPL under IFRS 9		4,947
Impact at January 1, 2018		**4,947**

Details of new accounting policies are set out below:

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVTOCI - equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:
it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements, as described further below.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018.

In AED'000	Original classification	New classification	Original carrying value	New carrying value
Financial assets	Under IAS 39	Under IFRS 9	Under IAS 39	Under IFRS 9
Equity instruments held for trading	Available for sale investments	Mandatorily at FVTPL		10,386
Equity instruments held for long term	Available for sale investments	Investments at FVOCI	1,235,199	833,743
Other structured products of investment	Available for sale investments	Investments at FVOCI		391,070
Trade and other receivables	Loans and receivables	Amortised cost	87,350	87,350
Due from related parties	Loans and receivables	Amortised cost	97,940	97,940
Loan to associate	Loans and receivables	Amortised cost	316,000	316,000
Cash and bank balances	-	Amortised cost	18,895	18,895

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs.

The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
Impairment losses related to trade and other receivables and cash and cash equivalents are presented separately in the statement of profit or loss.

Trade receivables and contract assets

The ECLs were calculated based on actual credit loss experience over the past three years. The Company performed the calculation of ECL rates for other customers and related party receivables.
The current already applied provision for the receivables is more than the calculated Expected credit loss on the trade receivables. Furthermore, 86.76% of trade receivable balances are covered by bank guarantees.
Based on Company's overall assessment, the application of IFRS 9 has not resulted in additional impairment allowance.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at January 1, 2018 has not resulted in an additional impairment allowance.

5 Property, plant and equipment

During the six month period ended June 30, 2018 additions to property, plant and equipment (including CWIP) amounted to AED 5.6 million and no assets were disposed during the period. Depreciation charge for the period amounts to AED 7.5 million.

6 Investment properties

Investment properties represent land and villas constructed on that land. No investment properties were bought or sold during the current period and no depreciation was charged as the assets are fully depreciated.

The fair market value of investment properties, including land, is estimated to be in the range of AED 105 million as per the internal valuation carried out by the management in March 2018. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals.

7 INVESTMENTS	Unaudited June 30, 2018 AED'000	*Audited December 31, 2017 AED'000
Non current investments - carried at FVOCI/ Available for sale	1,249,214	1,234,498
Non current investments - carried at FVTPL	8,605	-
Current investments - carried at FVTPL/ Available for sale	2,640	701
	1,260,459	1,235,199

Non-current investments represents investments at FVTOCI and FVTPL/available for sale investments in securities (debt, equity and other instruments) which are intended to be held for more than one year from the date of statement of financial position. The Company's current investments comprise investments in quoted marketable equity securities.

Break-up of investment in marketable securities at fair value is stated below:	Unaudited June 30, 2018 AED'000	*Audited December 31, 2017 AED'000
Equity instruments	837,176	770,261
Other instruments	423,283	464,938
	1,260,459	1,235,199

7.1 Movement in investments carried at FVTPL	Unaudited June 30, 2018 AED'000	*Audited December 31, 2017 AED'000
Reclassification from investment carried at FVTOCI	10,386	-
Additions	-	-
Disposals/ redeemed	-	-
Fair value changes	859	-
Reclassification adjustments on disposal of investments	-	-
	11,245	-

7.2 Movement in investments carried at FVTOCI	Unaudited June 30, 2018 AED'000	*Audited December 31, 2017 AED'000
Opening balance	1,235,199	1,213,772
Reclassification to investment carried at FVTPL	(10,386)	-
Additions	74,643	267,294
Disposals/ redeemed	(105,661)	(292,141)
Fair value changes	60,455	47,882
Reclassification adjustments on disposal of investments	(5,036)	(1,608)
	1,249,214	**1,235,199**

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen by the company, comparative information is not restated.

At June 30, 2018, investments include AED 88.65 million (December 31, 2017: AED 94.01 million) which are stated at cost. In the opinion of the management, the fair value of these investments is not materially different from their carrying amounts.
At June 30, 2018, investments in marketable securities amounting to AED 8.099 million (December 31, 2017: AED 334.46 million) are held in the personal name of one of the Company's Director for the beneficial interest of the Company.

Investments amounting to AED 643.45 million (December 31, 2017: AED 486.03 million) are pledged with the bank against the loan of AED 341.40 million.

Break-up of investment in marketable securities at cost is stated below: (FVTPL and FVTOCI)	Unaudited June 30, 2018 AED'000	*Audited December 31, 2017 AED'000
Equity instruments	190,011	190,011
Other instruments	463,597	494,599
	653,608	**684,610**

The geographical distribution of investments at FVTOCI and FVTPL.	Unaudited June 30, 2018 AED'000	*Audited December 31, 2017 AED'000
United Arab Emirates	778,752	814,815
Saudi Arabia	226,204	176,712
Other countries	255,503	243,672
	1,260,459	1,235,199

8 INVESTMENT IN AN ASSOCIATE

Investment in an associate company represents 25.43% (2016: 25.43%) share in Berber Cement Company Ltd, a limited liability company registered in the Republic of Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's share in net assets of the associate has been equity accounted as at December 31, 2017 based on the management accounts as at December 31, 2017. Considering the continuous fall in the rate of the Sudanese pound against the UAE dirham, the management has prudently decided to incorporate the effect of change due to this decline in the interim condensed financial statements.

The following table summarizes the investment in Berber Cement Company Ltd:	Unaudited June 30, 2018 AED'000	Audited December 31, 2017 AED'000
Opening balance	256,790	74,339
Add: Foreign exchange translation reserve*	(158,025)	361,064
Add: Share of profit/(loss) in associate**	-	(178,613)
	98,765	256,790

*Represents the impact of devaluation of the Sudanese pound in January 2018 on account of the Sudan Government's decision to devalue the Sudanese pound against the USD. The rate of translation between Sudanese pound and AED was 1 SDG = AED 0.20 on June 30, 2018 as against 1SDG = AED 0.52 as on December 31, 2017.

**As per the management practice, the share in profit/ (loss) of associate for the six months period ended June 30, 2018 is not incorporated in these interim condensed financial statements. The share in the profit /(loss) of associate shall be incorporated at year end in the annual financial statement for 2018 as per consistent policy followed by the company.

9 LOAN RECEIVABLE FROM ASSOCIATE

This amount represents AED denominated loan given to Associate and is recoverable in ten instalments over a period of five years beginning from December 2014. The interest rate on this loan is charged at the rate of 5.85% per annum. The management is confident on the loan's recovery and does not expect any loss in future and hence has decided that there is no need of any impairment.

10 INVENTORIES

	Unaudited June 30, 2018 AED'000	Audited December 31, 2017 AED'000
Raw materials	17,867	10,110
Work in progress	33,549	24,501
Finished goods	3,228	2,975
Consumable and spare parts	21,633	22,110
	76,277	59,696

11 TRADE AND OTHER RECEIVABLES

	Unaudited June 30, 2018 AED'000	Audited December 31, 2017 AED'000
Trade and other receivables*	184,017	142,697
Allowance for Expected credit loss/ Impairment loss	(12,600)	(3,600)
	171,417	139,097
* Includes from related parties	60,343	51,100

12 RELATED PARTY DISCLOSURES

The Company, in the ordinary course of its business, enters into trading and financing transactions with concerns which fall within the definition of "related party" as contained in International Accounting Standard 24. The balances due to/from such parties, which have been disclosed separately in the interim condensed financial statements, are unsecured and repayable on demand. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.

The significant related party transactions during the period are as follows:

	Unaudited Three months period ended June 30, 2018 AED'000	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	Unaudited Six months period ended June 30, 2017 AED'000
With Associate				
Loan repaid	-	-	-	-
With Other related parties:				
Sale of cement	10,069	6,888	18,042	13,593
Purchase of materials and services	2,835	2,279	4,808	4,810
With Key Management Personnel:				
Salaries and other short term benefits	635	859	1,548	1,718
End of service benefits charged	45	44	87	87
End of service benefits at period end	5,884	5,708	5,884	5,708

Related party balances are as under:	**Unaudited June 30, 2018 AED'000**	**Audited December 31, 2017 AED'000**
Payables:		
To Other related parties	21,580	28,487
To Director	-	1,750
Receivables:		
From Associate - Others	59,861	33,010
From Associate - short term loan	55,102	55,102
From Associate - long term loan	260,898	260,898
From other related parties	18,505	13,830

13 CASH AND CASH EQUIVALENTS

	Unaudited June 30, 2018 AED'000	**Audited December 31, 2017 AED'000**
Cash at hand	834	668
Current accounts with banks	51,483	18,227
	52,317	18,895

14 BANK LOAN

This represents:-

1) Loan from the bank with interest rate of 6 months LIBOR +3.25% total amounting to AED 46.67 million. This loan was obtained by the company to finance its associate. The loan is repayable in ten instalments over a period of five years. Please refer note 7 for details of investments pledged against this loan and note 8 for amount repayable by the associate against this loan.

2) Loan from the bank with interest rate of 6 months EIBOR +2.95% total amounting to AED 47 million. This loan was obtained by the company to partially repay term loan outstanding with other bank and for General Corporate purpose. The loan is repayable in four instalments over a period of two years. Please refer note 7 for details of investments pledged against this loan.

3) Loan from the bank with interest rate of 6 months EIBOR +2.95% total amounting to AED 80 million. This loan is obtained by the company for the purpose of working capital. The loan is repayable in one year. Please refer note 7 for details of investments pledged against this loan.

4) Loan from the bank with interest rate of 6 months EIBOR +2.95% total amounting to AED 60 million. This loan is obtained by the company for the purpose of working capital. The loan is repayable in one year. Please refer note 7 for details of investments pledged against this loan.

15 TRADE AND OTHER PAYABLES

	Unaudited June 30, 2018 AED'000	**Audited December 31, 2017 AED'000**
Trade payables	36,832	26,680
Other accruals and payables	51,262	13,432
Advances	339	292
	88,433	40,404

16 SHARE CAPITAL

	Unaudited June 30, 2018 AED'000	Audited December 31, 2017 AED'000
Issued and fully paid up:		
358,800,000 shares of AED 1 each	358,800	358,800
	358,800	358,800

17 FAIR VALUE RESERVE

This reserve represents the cumulative changes in fair value of financial assets which is classified as FVTOCI. Movement in fair value reserve is as follows:

	Unaudited June 30, 2018 AED'000	Audited December 31, 2017 AED'000
Opening balance	550,573	504,299
Transfer to retained earning upon reclassification from investments at FVTOCI to FVTPL	4,947	-
Reclassification adjustments on disposal of investments	(5,036)	(1,608)
Changes in fair value	60,455	47,882
	610,939	550,573

18 GENERAL RESERVE

As required by Article 57.2 of the Article of Association of the Company, 10% of the net profit has to be transferred to general reserve. It can be discontinued by the resolution of the ordinary general meeting on the proposal of Board of Directors or if it reaches 10% of the paid-up capital of the Company. Such reserve shall be used for the purpose designated by the ordinary general meeting on the proposal of the Board of Directors. No such transfer has been made during the period under review.

19 STATUTORY RESERVE

In accordance with Article 57.1 of the Memorandum of Association of the Company and the UAE Federal Law No.2 of 2015 (as amended), a minimum of 10% of the net profit of the Company is to be allocated every year to a non-distributable reserve. Such allocation may be ceased when the statutory reserve equals 50% of the paid up share capital.

No allocation has been made to the statutory reserve for the six months period ended June 30, 2018 as the reserve equaled 50% of the paid share capital.

20 DIVIDEND

For 2017, a cash dividend of AED 53.82 million (AED 0.15 fils per share) has been approved by the shareholders of the Company in the Annual General Meeting held on April 22, 2018 and subsequently paid on May 19, 2018. In 2016, a dividend of AED 89.7 million (AED 0.25 fils per share) was approved by the shareholders of the Company in the Annual General Meeting held on April 05, 2017 and subsequently paid on April 23, 2017.

21 SPECIAL RESERVE

Special reserve has been created on the recommendation of the board and on approval by the shareholders in the annual general meeting to take care of any contingencies. Any movement towards transfer, utilization and discontinuation will be subject to approval of the shareholders. Accordingly balance of AED 38.13 million was transferred from this reserve to Retained earnings during the year 2017 representing the accumulated loss from the associate accounted till December 31, 2016.

22 COST OF SALES	Unaudited Three months period ended June 30, 2018 AED'000	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	Unaudited Six months period ended June 30, 2017 AED'000
Material expenses	29,201	26,641	54,688	48,637
Utilities and other factory costs	15,400	13,453	28,550	28,390
Staff costs	5,144	5,674	10,732	11,084
Depreciation	3,319	3,448	6,657	6,882
	53,064	49,216	100,627	94,993

23 OTHER INCOME	Unaudited Three months period ended June 30, 2018 AED'000	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	Unaudited Six months period ended June 30, 2017 AED'000
Rental income from investment properties	956	969	1,894	1,919
Other rental income	1,768	2,173	3,047	3,937
Income from sale of by-products, scraps and waste recycling	2,816	950	4,884	2,024
Gain on disposal of P.P.E.	-	8	-	33
Other income	350	1,059	425	2,622
	5,890	5,159	10,250	10,535

24 ADMINISTRATION, SELLING AND GENERAL EXPENSES	Unaudited Three months period ended June 30, 2018 AED'000	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	Unaudited Six months period ended June 30, 2017 AED'000
Staff salaries and benefits	4,374	4,641	8,490	8,347
License fees	285	110	340	221
Insurance	134	-	308	266
Communications	47	43	75	74
Repair and maintenance	527	708	1,133	1,293
Allowance for Expected credit loss/ Impairment loss	9,000	-	9,000	-
Travelling and conveyance expenses	101	35	131	61
Legal and professional charges	1,129	175	1,304	350
Electricity and water	61	42	116	114
Depreciation	396	315	792	672
Other Miscellaneous Expenses	535	446	1,043	987
Bank Charges	75	120	162	247
	16,664	6,635	22,894	12,632

25 INCOME FROM INVESTMENTS (NET)	Unaudited Three months period ended June 30, 2018 AED'000	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	Unaudited Six months period ended June 30, 2017 AED'000
Interest income	6,850	6,657	11,900	12,934
Dividend income	5,975	5,652	30,878	30,577
Realized profit from investments carried at FVTOCI	3,214	-	3,214	-
Fair value change from investments carried at FVTPL	375	-	859	-
Financial income	16,414	12,309	46,851	43,511
Realized loss from investments carried at FVTOCI	(4,882)	(2,242)	(4,882)	(2,242)
Financial Income net	11,532	10,067	41,969	41,269

26 BASIC AND DILUTED EARNINGS PER SHARE (AED)	Unaudited Three months period ended June 30, 2018 AED'000	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2018 AED'000	Unaudited Six months period ended June 30, 2017 AED'000
Net profit attributable to shareholders	4,561	12,234	34,879	45,409
Weighted average number of shares	358,800	358,800	358,800	358,800
Earnings per share	0.01	0.03	0.10	0.13

27 SEGMENT REPORTING

The Company's activities comprise two main business segments, manufacturing and selling cement and cement related products and investment in marketable securities and derivative products. The details of segment revenue, segment result, segment assets and segment liabilities have been provided on page 21.

28 FINANCIAL INSTRUMENTS

Capital risk management

The capital is managed by the company in a way that it is able to continue as a going concern while maximizing return to stakeholders.

The capital structure of the company consists of borrowings, cash and cash equivalents and equity attributable to equity holders comprising of issued capital, reserves and retained earnings.

Market risk management

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk), interest rates (interest rate risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument of the Company, or factors affecting all similar financial instruments traded in the market.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The Company is exposed to currency rate risk of 'Sudanese Pound' for their investment in associate 'Berber Cement Company' of Sudan. The Company also undertakes transactions in US Dollar which has been pegged against the United Arab Emirates Dirham ("AED"), hence no exchange risk is considered to exist for US Dollar.

Interest rate risk management

The Company is exposed to interest rate risk on cash at bank (including time deposits), Investment in bonds carried at FVTOCI.

Other price risk management

The Company is exposed to other price risks in market on its equity investments. Investments in equity instruments are generally held for long term and are not traded actively.

Credit risk management

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is exposed to credit risk from its financial assets which comprise principally of fixed deposits, bank balances, trade and other receivables, due from related parties and investments. The credit risk on trade receivables is subjected to credit evaluations and an allowance may be made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

FINANCIAL INSTRUMENTS BY CATEGORY	**Unaudited June 30, 2018 AED'000**	**Audited December 31, 2017 AED'000**
Financial assets	Valued under IFRS 9	Valued under IAS39
Investments carried at FVTOCI/ Available for sale	1,249,214	1,235,199
Investments carried at FVTPL	11,245	-
Trade and other receivables	171,417	139,097
Due from related parties	78,366	46,840
Loan to associate	316,000	316,000
Cash and bank balances	52,317	18,895

FINANCIAL INSTRUMENTS BY CATEGORY	Unaudited June 30, 2018 AED'000	Audited December 31, 2017 AED'000
Financial liabilities	Valued under IFRS 9	Valued under IAS39
Other financial liabilities:-		
Trade and other payables	88,433	40,404
Due to related parties	21,580	30,237
Bank loans / Overdraft	429,426	367,303

29 CONTINGENT LIABILITIES	Unaudited June 30, 2018 AED'000	Audited December 31, 2017 AED'000
Letters of guarantee	4,651	4,619
Letters of credit	454	4,607

30 OPERATING LEASES

Leases as lessee

The Company has leased plots of land under operating leases on which residential flats for staff accommodation are located. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

Leases as lessor

The Company had leased residential villas on operating leases to earn rental income. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

31 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in these interim condensed financial statements. IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen, comparative information is not restated and hence not comparable to that extent.

Segment report as on June 30, 2018

	Six months period ended June 30, 2018 (Unaudited)			Six months period ended June 30, 2017 (Unaudited)		
	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000
Segment revenue	106,678	41,969	148,647	103,189	41,269	144,458
Segment result	6,051	41,969	48,020	8,196	41,269	49,465
Other income	-	-	19,493	-	-	16,715
Unallocated expenses	-	-	(32,634)	-	-	(20,771)
Net profit for the year	6,051	41,969	34,879	8,196	41,269	45,409
Segment assets	600,959	1,260,459	1,861,418	501,594	1,223,001	1,724,595
Investment in associate	-	-	98,765	-	-	74,340
Other assets	-	-	318,924	-	-	318,925
Total assets	600,959	1,260,459	2,279,107	501,594	1,223,001	2,117,860
Segment liabilities	132,661	-	132,661	102,225	-	102,225
Other liabilities	-	-	429,426	-	-	377,358
Total liabilities	132,661	-	562,087	102,225	-	479,583
Capital expenditure	5,622	-	5,622	35,010	-	35,010
Depreciation	7,449	-	7,449	7,554	-	7,554