# NATIONAL CEMENT COMPANY
# (PUBLIC SHAREHOLDING CO.)

**Condensed interim financial statements for the six month period ended June 30, 2019**

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## Independent Auditors' Report on Review of Interim Financial Statements

To the Shareholders of National Cement Company (Public Shareholding Company)

*Introduction*

We have reviewed the accompanying 30 June 2019 condensed interim financial statements of National Cement Company (Public Shareholding Company) ("the Company"), which comprises:

- the condensed statement of financial position as at 30 June 2019;
- the condensed statements of profit or loss and other comprehensive income for the three-month and six month periods ended 30 June 2019;
- the condensed statement of changes in equity for the six month period ended 30 June 2019;
- the condensed statement of cash flows for the six month period ended 30 June 2019; and
- notes to the interim financial statements.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 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 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 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.



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*Basis for Qualified Conclusion*

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 financial statements on 31 March 2019. We were not provided with access to review the predecessor auditor's working papers relating to their audit of the Company for the year ended 31 December 2018. Because we were not provided with such an access, and in the absence of sufficient reliable alternative procedures, it was not possible for us to fully satisfy ourselves on opening balances as at 1 January 2019. Any adjustments to those figures may have an effect on the financial position, results and cash flows for the six month period ended 30 June 2019.

*Qualified Conclusion*

Based on our review, except for the possible effect of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*Other Matter relating to comparative statements*

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2019. Furthermore, the condensed interim financial statements of the Company as at and for the six month period ended 30 June 2018 were reviewed by another auditor who issued an unmodified review conclusion on those financial statements on 8 August 2018.

As part of our review of the condensed interim financial statements as at and for the six month period ended 30 June 2019, we reviewed the adjustments described in Note 5 that were applied to restate the comparative information presented for the three month and six month periods ended 30 June 2018. We were not engaged to audit, review, or apply any procedures to the condensed interim financial statements for the three month or six month periods ended 30 June 2018, other than with respect to the adjustments described in Note 5 to the condensed interim financial statements. Accordingly, we do not express a review conclusion or any other form of assurance on the financial statements taken as a whole. However, in our opinion, the adjustments described in Note 5 are appropriate and have been properly applied.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates
Date: 06 AUG 2019



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**NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)**

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019** *(unaudited)*

| | Note | *Six-month period ended* | | *Three-month period ended* | |
|---|---|---|---|---|---|
| | | **June 30, 2019 AED'000** | June 30, 2018 AED'000 *(restated)** | **June 30, 2019 AED'000** | June 30, 2018 AED'000 *(restated)** |
| Revenue | | **101,771** | 106,678 | **47,466** | 57,351 |
| Direct costs | 6 | **(105,918)** | (100,627) | **(51,312)** | (53,064) |
| **Gross (loss) / profit** | | **(4,147)** | 6,051 | **(3,846)** | 4,287 |
| Other operating income | 7 | **8,480** | 10,250 | **4,116** | 5,890 |
| Administration, selling and general expenses | | **(12,826)** | (14,205) | **(5,648)** | (7,975) |
| **Operating (loss) / profit** | | **(8,493)** | 2,096 | **(5,378)** | 2,202 |
| Finance income | 8 | **18,050** | 21,143 | **9,998** | 11,523 |
| Finance cost | 9 | **(10,800)** | (9,429) | **(5,447)** | (4,846) |
| Dividend income from equity investments | | **31,093** | 30,878 | **6,190** | 5,975 |
| Debt investments at FVTPL - net change in fair value | | **17,040** | (5,596) | **(1,094)** | 3,231 |
| Impairment loss on trade and other receivables | | **(9,155)** | (18,243) | **(4,673)** | (13,673) |
| **Profit/ (loss) for the period** | | **37,735** | 20,849 | **(404)** | 4,412 |
| **Other comprehensive income** | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | |
| Equity investments at FVOCI - net change in fair value | | **(13,904)** | 66,915 | **(45,443)** | 35,279 |
| *Items that are or maybe reclassified subsequently to profit or loss:* | | | | | |
| Debt investments at FVOCI - net change in fair value | | **2,323** | (6,709) | **(1,222)** | (8,746) |
| Debt investments at FVOCI - reclassification to profit or loss on maturity | | **(1,061)** | - | **(1,061)** | - |
| **Other comprehensive income for the period** | | **(12,642)** | 60,206 | **(47,726)** | 26,533 |
| **Total comprehensive income for the period** | | **25,093** | 81,055 | **(48,130)** | 30,945 |
| Basic and diluted earnings per share | 10 | **0.11** | 0.06 | **(0.00)** | **0.01** |

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim financial statements

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2.

## NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

### CONDENSED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

| | Note | June 30, 2019 AED'000 (Unaudited) | December 31, 2018 AED'000 (Audited)* |
|---|---|---|---|
| **Non current assets** | | | |
| Property, plant and equipment | 11 | **213,261** | 219,599 |
| Investment properties | 12 | **2,924** | 2,924 |
| Investments in financial assets | 13 | **1,060,127** | 1,096,982 |
| Investment in an associate | 14 | **-** | - |
| Loan receivable from associate | 15 | **316,000** | 316,000 |
| **Total non current assets** | | **1,592,312** | 1,635,505 |
| **Current assets** | | | |
| Investment in financial assets | 13 | **69,904** | 56,063 |
| Inventories | 16 | **76,600** | 61,931 |
| Trade and other receivables | 17 | **123,601** | 159,761 |
| Cash in hand and at bank | 19 | **92,890** | 57,522 |
| **Total current assets** | | **362,995** | 335,277 |
| **Total assets** | | **1,955,307** | 1,970,782 |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Share capital | | **358,800** | 358,800 |
| Share application money | | **26** | 26 |
| Statutory reserve | | **179,402** | 179,402 |
| General reserve | | **313,323** | 316,517 |
| Fair value reserve of financial assets at FVOCI | | **601,927** | 614,569 |
| Retained earnings | | **37,735** | 32,686 |
| | | **1,491,213** | 1,502,000 |
| **Non current liabilities** | | | |
| Provision for employees' end of service gratuities | | **21,062** | 21,059 |
| Interest bearing loans and borrowing | 20 | **167,081** | 42,859 |
| | | **188,143** | 63,918 |
| **Current liabilities** | | | |
| Interest bearing loans and borrowing | 20 | **204,596** | 332,232 |
| Trade and other payables | 21 | **71,355** | 72,632 |
| **Total current liabilities** | | **275,951** | 404,864 |
| **Total liabilties** | | **464,094** | 468,782 |
| **Total equity and liabilities** | | **1,955,307** | 1,970,782 |

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim financial statements

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on August 6,2019 and were signed on their behalf by:

**Chairman**      **Vice Chairman**

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2.

# NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

## CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 *(unaudited)*

| | Note | **June 30, 2019 AED'000** | June 30, 2018 AED'000 *(restated)** |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net profit for the period | | **37,735** | 20,849 |
| Adjustments for: | | | |
| Depreciation | 11 | **8,552** | 7,527 |
| Provision for employees' end of service gratuities | | **680** | 655 |
| Expected/ incurred credit losses - Provision | 17 | **9,155** | 18,243 |
| Fair value change in available for sale investment at FVTPL | | **(17,040)** | 5,596 |
| Profit on sale of property, plant and equipment | | **(5)** | - |
| Finance cost | 9 | **10,800** | 9,429 |
| Finance income | 8 | **(18,050)** | (21,143) |
| Dividend income | | **(31,093)** | (30,878) |
| **Operating profit / (loss) before working capital changes** | | **734** | 10,278 |
| Change in inventories | | **(14,669)** | (16,581) |
| Change in trade and other receivables | | **36,458** | (9,286) |
| Change in trade and other payables | | **2,305** | (14,945) |
| Payment of end of service benefits | | **(677)** | (1,424) |
| **Net cash generated from / (used in) operating activities** | | **24,151** | (31,958) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | **(2,213)** | (5,622) |
| Proceeds from sale of property, plant and equipment | | **5** | - |
| Investments in financial assets | | **(11,779)** | (74,643) |
| Proceeds from maturity / disposals of financial assets | | **40,252** | 103,993 |
| Dividend income | | **31,093** | 30,878 |
| Interest income | | **7,536** | 11,900 |
| **Net cash generated from investing activities** | | **64,894** | 66,506 |
| **Cash flows from financing activities** | | | |
| Net drawdown / (repayment) on bank borrowings | | **20,590** | 62,123 |
| Dividend paid | | **(35,880)** | (53,820) |
| Interest expenses paid | | **(14,383)** | (9,429) |
| Net cash used in financing activities | | **(29,673)** | (1,126) |
| **Net increase/ (decrease) in cash and cash equivalents** | | **59,372** | 33,422 |
| Cash and cash equivalents at beginning of the period | | **24,175** | 18,895 |
| **Cash and cash equivalents at end of the period** | 19 | **83,547** | 52,317 |

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim financial statements

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2.

## NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

### CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019 (unaudited)

| | *Share capital AED'000* | *Share Application money AED'000* | *Statutory reserve AED'000* | *General reserve AED'000* | *Fair value reserve of AFS Investments AED'000* | *Fair value reserve of financial assets at FVOCI AED'000* | *Retained earnings AED'000* | *Total AED'000* |
|---|---|---|---|---|---|---|---|---|
| At January 1, 2018 | 358,800 | 26 | 179,402 | 316,517 | 550,573 | - | 140,831 | 1,546,149 |
| Effect of adoption of IFRS 9 | - | - | - | - | (550,573) | 564,643 | (17,581) | (3,511) |
| Profit for the period (restated)* | - | - | - | - | - | - | 20,849 | 20,849 |
| Other comprehensive income (restated)* | - | - | - | - | - | 60,206 | - | 60,206 |
| Total comprehensive income for the period (restated)* | - | - | - | - | - | 60,206 | 20,849 | 81,055 |
| **Distribution to owners** | | | | | | | | |
| Dividend paid (refer note 22) | - | - | - | - | - | - | (53,820) | (53,820) |
| Total distribution to owners | - | - | - | - | - | - | (53,820) | (53,820) |
| At June 30, 2018 (restated)* | 358,800 | 26 | 179,402 | 316,517 | - | 624,849 | 90,279 | 1,569,873 |
| At January 1, 2019 | 358,800 | 26 | 179,402 | 316,517 | - | 614,569 | 32,686 | 1,502,000 |
| Profit for the period | - | - | - | - | - | - | 37,735 | 37,735 |
| Other comprehensive income | - | - | - | - | - | (12,642) | - | (12,642) |
| Total comprehensive income for the period | - | - | - | - | - | (12,642) | 37,735 | 25,093 |
| **Distribution to owners** | | | | | | | | |
| Dividend paid (refer note 22) | - | - | - | (3,194) | - | - | (32,686) | (35,880) |
| Total distribution to owners | - | - | - | (3,194) | - | - | (32,686) | (35,880) |
| **At June 30, 2019** | **358,800** | **26** | **179,402** | **313,323** | **-** | **601,927** | **37,735** | **1,491,213** |

* Refer note 5

The notes on pages 7 to 17 form part of these condensed interim 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. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from June 28, 2015 replacing the previous 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 equity, debt and structured investment securities. The Company is listed on the Dubai Financial Market since 2005.

The interim condensed financial statements for the six month period ended June 30, 2019 were authorized for issue by the Board of Directors on August 06, 2019.

## 2 Basis of preparation of the condensed interim financial statements

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, 2018.

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

These condensed interim financial statements have been presented on the historical cost basis except for investments carried at fair value through other comprehensive income ("FVOCI"), 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, 2018.

The Company has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

**3 Changes in accounting policies**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statement for the year ended December 31, 2018. The Company has adopted IFRS 16 *Leases* from January 1, 2019, however, has no material impact on the Company's condensed interim financial statements. A number of new standards are also effective from January 1, 2019 but they also do not have a material effect on the Company's condensed interim financial statements.

**4 Financial Risk Management**

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial information, and should be read in conjunction with the Company's annual financial statements as at December 31, 2018. The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended December 31, 2018.

**5 Restatement of comparative figures**

The financial statements for the three month and six month periods ended June 30, 2018 has been restated. In addition, certain comparative information has been reclassified to conform the current year's presentation. The following is the summary of the restatements and reclassifications made to the comparative figures:

| | As previously reported AED' 000 Three month period ended June 30, 2018 | Restatement AED' 000 | Reclassification AED' 000 | Restated balances AED' 000 Three month period ended June 30, 2018 |
|---|---|---|---|---|
| ***Statement of profit or loss*** | | | | |
| Interest income | 4,673 | | (4,673) | - |
| Other income | 5,890 | | (5,890) | - |
| Other operating income | - | | 5,890 | 5,890 |
| Income from investments | 11,532 | (375) | (11,157) | - |
| Dividend income on equity investments | - | | 5,975 | 5,975 |
| Debt investments at FVTPL - net change in fair value | - | 4,899 | (1,668) | 3,231 |
| Finance income | - | - | 11,523 | 11,523 |
| Finance cost | (5,157) | - | 311 | (4,846) |
| Administrative, selling and general expenses | (16,664) | - | 8,689 | (7,975) |
| Impairment loss on trade and other receivables | - | (4,673) | (9,000) | (13,673) |
| Profit/ (loss) for the period | 4,561 | (149) | - | 4,412 |
| ***Statement of other comprehensive income*** | | | | |
| Investments carried at FVOCI | 36,804 | (4,899) | (31,905) | - |
| Reclassification adjustment on disposal of investments carried at FVOCI | (5,747) | - | 5,747 | - |
| Equity Investments at FVOCI - net change in fair value | - | 375 | 34,904 | 35,279 |
| Debt investments at FVOCI - net change in fair value | - | - | (8,746) | (8,746) |
| Total other comprehensive income | 31,057 | (4,524) | - | 26,533 |
| **Total Comprehensive Income** | **35,618** | **(4,673)** | **-** | **30,945** |

**5 Restatement of comparative figures** *(continued)*

| | As previously reported AED' 000 Six month period ended June 30, 2018 | Restatement AED' 000 | Reclassification AED' 000 | Restated balances AED' 000 Six month period ended June 30, 2018 |
|---|---|---|---|---|
| ***Statement of profit or loss*** | | | | |
| Interest income | 9,243 | - | (9,243) | - |
| Other income | 10,250 | - | (10,250) | - |
| Other operating income | - | - | 10,250 | 10,250 |
| Income from investments | 41,969 | (859) | (41,110) | - |
| Dividend income on equity investments | - | - | 30,878 | 30,878 |
| Debt investments at FVTPL - net change in fair value | - | (3,928) | (1,668) | (5,596) |
| Finance income | - | - | 21,143 | 21,143 |
| Finance cost | (9,740) | - | 311 | (9,429) |
| Administrative, selling and general expenses | (22,894) | - | 8,689 | (14,205) |
| Impairment loss on trade and other receivables | - | (9,243) | (9,000) | (18,243) |
| Profit/ (loss) for the period | 34,879 | (14,030) | - | 20,849 |
| ***Statement of other comprehensive income*** | | | | |
| Investments carried at FVOCI | 60,455 | 3,928 | (64,383) | - |
| Reclassification adjustment on disposal of investments carried at FVOCI | (5,036) | - | 5,036 | - |
| Equity Investments at FVOCI - net change in fair value | - | 859 | 66,056 | 66,915 |
| Debt investments at FVOCI - net change in fair value | - | - | (6,709) | (6,709) |
| Changes in foreign exchange translation reserve | (158,025) | 158,025 | | - |
| Total other comprehensive income | (102,606) | 162,812 | - | 60,206 |
| **Total Comprehensive Income** | **(67,727)** | **148,782** | **-** | **81,055** |

| | As previously reported AED' 000 December 31. 2018 | Restatement AED' 000 | Reclassification AED' 000 | Restated balances AED' 000 December 31. 2018 |
|---|---|---|---|---|
| ***Statement of financial position*** | | | | |
| ***Current Assets*** | | | | |
| Trade and other receivables (including due from related parties) | 214,078 | - | (54,317) | 159,761 |
| **Total current assets** | **389,594** | **-** | **(54,317)** | **335,277** |
| ***Current Liabilities*** | | | | |
| Trade and other payables (including due to related parties) | 126,949 | - | (54,317) | 72,632 |
| **Total current liabilities** | **459,181** | **-** | **(54,317)** | **404,864** |

**5 Restatement of comparative figures** *(continued)*

**5.1** ***Accounting for Investment in Associate***

During 2018, management performed an assessment and determined that the financial statements of the associate in Sudan need to be prepared in accordance with the requirements of IAS 29, whereby management considered that Sudan falls under the definition of a hyperinflationary economy. In addition, management identified certain inconsistencies between the accounting policies adopted by the associate in preparing the financial statements and those adopted by the Company under IFRS, and assessed the effect of adopting uniform accounting policies on the carrying amount of the investment on the Company's financial statements. As at December 31, 2018, management decreased the carrying amount of the investment in the associate at the earliest reporting date (i.e. January 1, 2017) to nil. The below summarises the impact on the previously reported Statement of Other Comprehensive Income in the condensed interim financial information for the three month and six month periods ended June 30, 2018:

| | Three month period ended June 30, 2018 AED'000 (Debit) / Credit | Six month period ended June 30, 2018 AED'000 (Debit) / Credit |
|---|---|---|
| **Other Comprehensive Income** | | |
| Changes in foreign exchange translation reserve | - | 158,025 |

**5.2** ***Prior year unrecorded provisions***

During 2018, management identified unrecorded provisions and the financials for the year ended December 31, 2018 were restated to reflect the impact of such adjustments. The below summarises the impact on the previously reported Statement of Profit or loss in the condensed interim financial information for the three month and six month periods ended June 30, 2018:

| | Three month period ended June 30, 2018 AED'000 (Debit) / Credit | Six month period ended June 30, 2018 AED'000 (Debit) / Credit |
|---|---|---|
| **Profit or Loss** | | |
| Impairment loss on trade and other receivables | (4,673) | (9,243) |

**5.3** ***Reclassification of Investments from FVTPL to FVOCI***

As at December 31, 2018, management had reclassified certain equity instruments which were earlier classified at Fair Value through Profit or Loss (FVTPL) to Fair Value through Other Comprehensive Income (FVOCI). The Statement of Profit or Loss for the three-month and six month periods ended June 30, 2018 has been restated to reflect the impact of such adjustment. The below summarises the impact on the previously reported Statement of Profit or loss and Statement of Other Comprehensive Inocme in the condensed interim financial information for the three month and six month period ended June 30, 2018:

| | Three month period ended June 30, 2018 AED'000 (Debit) / Credit | Six month period ended June 30, 2018 AED'000 (Debit) / Credit |
|---|---|---|
| **Profit or Loss** | | |
| Income from Investments | (375) | (859) |
| **Other Comprehensive Income** | | |
| Equity Investments at FVOCI - net change in fair value | 375 | 859 |

**5.4** ***Reclassification of Investments from FVOCI to FVTPL***

As at December 31, 2018, management had reclassified certain debt instruments which were earlier classified at FVOCI to FVTPL. The Statement of Profit or Loss for the three month and six month period ended June 30, 2018 has been restated to reflect the impact of such adjustment. The below summarises the impact on the previously reported Statement of Profit or loss and Statement of Other Comprehensive Income in the condensed interim financial information for the three month and six month period ended June 30, 2018:

| | Three month period ended June 30, 2018 AED'000 (Debit) / Credit | Six month period ended June 30, 2018 AED'000 (Debit) / Credit |
|---|---|---|
| **Profit or Loss** | | |
| Debt investments at FVTPL - net change in fair value | 4,899 | (3,928) |
| **Other Comprehensive Income** | | |
| Investments carried at FVOCI | (4,899) | 3,928 |

**5.5** Other reclassifications in comparative information were performed to adopt the presentation during the current period and does not affect the previously reported net profit / loss and net asset position.

## 6 Cost of Goods Sold

| | Six-month period ended | | Three-month period ended | |
|---|---|---|---|---|
| | **June 30, 2019** | June 30, 2018 | **June 30, 2019** | June 30, 2018 |
| | **AED'000** | AED'000 | **AED'000** | AED'000 |
| Material Expenses | **58,225** | 54,688 | **25,893** | 29,201 |
| Utilities and other factory costs | **28,896** | 28,550 | **15,565** | 15,400 |
| Staff costs | **11,289** | 10,732 | **6,154** | 5,144 |
| Depreciation | **7,508** | 6,657 | **3,700** | 3,319 |
| | **105,918** | 100,627 | **51,312** | 53,064 |

## 7 Other operating income

| | Six-month period ended | | Three-month period ended | |
|---|---|---|---|---|
| | **June 30, 2019** | June 30, 2018 | **June 30, 2019** | June 30, 2018 |
| | **AED'000** | AED'000 | **AED'000** | AED'000 |
| | | (restated) | | (restated) |
| Rental income | **3,865** | 4,940 | **1,654** | 2,724 |
| Sale of scrap and other non trading material | **4,195** | 4,884 | **2,334** | 2,816 |
| Others | **420** | 426 | **128** | 350 |
| | **8,480** | 10,250 | **4,116** | 5,890 |

## 8 Finance income

| | Six-month period ended | | Three-month period ended | |
|---|---|---|---|---|
| | **June 30, 2019** | June 30, 2018 | **June 30, 2019** | June 30, 2018 |
| | **AED'000** | AED'000 | **AED'000** | AED'000 |
| | | (restated) | | (restated) |
| Interest income on loan to associate | **9,243** | 9,243 | **4,673** | 4,673 |
| Interest income on investments in financial assets | **7,536** | 11,900 | **4,325** | 6,850 |
| Debt investments at FVOCI - gain on maturity reclassified from OCI | **1,061** | - | **1,061** | - |
| Change in fair value of derivative financial instruments | **210** | - | **(61)** | - |
| | **18,050** | 21,143 | **9,998** | 11,523 |

## 9 Finance cost

| | Six-month period ended | | Three-month period ended | |
|---|---|---|---|---|
| | **June 30, 2019** | June 30, 2018 | **June 30, 2019** | June 30, 2018 |
| | **AED'000** | AED'000 | **AED'000** | AED'000 |
| | | (restated) | | (restated) |
| Bank term loans - interest | **10,240** | 9,307 | **5,356** | 4,746 |
| Bank overdrafts - interest | **200** | 122 | **91** | 100 |
| Loan Processing Fees | **360** | - | **-** | - |
| | **10,800** | 9,429 | **5,447** | 4,846 |

## 10 Earnings per share

| | Six-month period ended | | Three-month period ended | |
|---|---|---|---|---|
| | **June 30, 2019** | June 30, 2018 | **June 30, 2019** | June 30, 2018 |
| | **AED'000** | AED'000 | **AED'000** | AED'000 |
| | | (restated) | | (restated) |
| Net profit / (loss) attributable to shareholders | **37,735** | 20,849 | **(404)** | 4,412 |
| Weighted average number of shares (in thousands) | **358,800** | 358,800 | **358,800** | 358,800 |
| Earnings per share (Basic and diluted) (in AED) | **0.11** | 0.06 | **(0.00)** | 0.01 |

## 11 Property, plant and equipment

During the six month period ended June 30, 2019 additions to property, plant and equipment amounted to AED 2.21 million *(six month period ended June 30, 2018: AED 5.60 million)* and assets with a gross block of AED 0.03 million (net block: Nil) was disposed off during the period. Depreciation charge for the period amounts to AED 8.55 million *(six month period ended June 30, 2018: AED 7.50 million)*. There are no significant capital commitments outstanding as at June 30, 2019.

## 12 Investment properties

Investment properties represent land and villas constructed thereon. No investment properties were bought or sold during the current period and no depreciation was charged as the assets are fully depreciated. Land is not depreciated.

The fair market value of investment properties, including land, is estimated to be AED 65 million (2018: AED 67 million) as per the internal valuation carried out by the management as at June 30, 2019. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals it is categorised as Level 3 fair value based on valuation inputs used.

## 13 Investments in financial assets

| | June 30, 2019<br>AED'000<br>(Unaudited) | December 31, 2018<br>AED'000<br>(Audited) |
|---|---|---|
| ***Current financial assets*** | | |
| Investments at FVOCI | **25,074** | 32,362 |
| Investments at FVTPL | **44,830** | 23,701 |
| | **69,904** | 56,063 |
| ***Non-current financial assets*** | | |
| Investments at FVOCI | **941,305** | 961,930 |
| Investments at FVTPL | **118,822** | 135,052 |
| | **1,060,127** | 1,096,982 |

The categories of investments in financial assets are as follows:

| | June 30, 2019<br>AED'000<br>(Unaudited) | December 31, 2018<br>AED'000<br>(Audited) |
|---|---|---|
| Quoted equity instruments - at fair value | **810,725** | 824,629 |
| Debt instruments - at fair value | **245,439** | 254,549 |
| Unquoted equity instruments - at cost | **73,867** | 73,867 |
| | **1,130,031** | 1,153,045 |

Equity instruments designated at fair value through OCI include investments in equity shares of listed and non-listed companies. The Company holds non-controlling interests in these companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature.

Debt instruments at fair value through OCI include investments in quoted government and corporate bonds. Fair values of these debt instruments are determined by reference to published price quotations in an active market.

Financial assets at fair value through profit or loss include investments in listed debt instrument shares. Fair values of these instruments are determined by reference to published price quotations in an active market.

At June 30, 2019, investments in marketable securities amounting to AED 6.67 million *(2018: AED 7.86 million)* are held in the personal name of the Company's General Manager for the beneficial interest of the Company.

Investments in financial assets amounting to AED 674 million *(2018: AED 600 million)* are pledged with banks against loans and borrowings (Note 20)

The movement in different classes of investments in financial assets during the year are as follows -

| | Six-month period ended June 30, 2019 (Unaudited) | | |
|---|---|---|---|
| | **Debt instruments at FVOCI<br>AED'000** | **Debt instruments at FVTPL<br>AED'000** | **Equity instruments at FVOCI<br>AED'000** |
| At January 1, 2019 | 95,796 | 158,753 | 898,496 |
| Additions during the period | - | 11,779 | - |
| Matured / Redeemed | (16,332) | (23,920) | - |
| Change in fair value | 2,323 | 17,040 | (13,904) |
| | **81,787** | **163,652** | **884,592** |

## 13 Investments in financial assets *(continued)*

| | Year ended December 31, 2018 (Audited) | | | |
|---|---|---|---|---|
| | Debt instruments at FVOCI | Debt instruments at FVTPL | Equity instruments at FVOCI | AFS instruments |
| | AED'000 | AED'000 | AED'000 | AED'000 |
| At January 1, 2018 | - | - | - | 1,235,199 |
| Reclassification on adoption of IFRS 9 | 126,465 | 264,605 | 844,129 | (1,235,199) |
| Additions during the period | - | 100,315 | - | - |
| Matured / Redeemed | (21,396) | (148,181) | - | - |
| Change in fair value | (9,273) | (57,986) | 54,367 | - |
| | 95,796 | 158,753 | 898,496 | - |

## 14 Investment in an associate

Investment in an associate represents 25.43% *(2018: 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 interest in Berber Cement Company Ltd. is accounted for using the equity method in the financial statements.

In prior period the Company has accounted for the investments after taking account of the effect of hyperinflationary economy and of using uniform accounting policies while preparing the financial statements of the associate. Furthermore, as the associate has accumulated losses and negative equity position, the Company has fully written off its cost of investment in the associate and it has no obligation towards these losses.

## 15 Loan receivable from associate

This amount represents AED denominated loan given to the associate and was 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. As at the reporting date, management is in process of restructuring the aforesaid loan and is not expected to be repaid within 12 months from the reporting date. Accordingly, the amount is classified as non-current.

The loan is secured by way of pledge against the assets of the associate and is guaranteed by the personal guarantees of certain shareholders of the associate. Management has performed an impairment assessment on the loan and evaluated the associate's ability to repay the loan based on the associate's projected future cash flows. Based on such assessment, and the fact that the loan is secured against pledge of assets having a realisable value significantly exceeding the loan amount at June 30, 2019, management concluded that no impairment is required on the outstanding loan balance.

## 16 Inventories

| | **June 30, 2019 AED'000 (Unaudited)** | December 31, 2018 AED'000 (Audited) |
|---|---|---|
| Raw materials | **20,765** | 16,311 |
| Work in progress | **29,117** | 19,249 |
| Finished goods | **2,935** | 3,119 |
| Consumable and spare parts | **23,783** | 23,252 |
| | **76,600** | 61,931 |

## 17 Trade and other receivables

| | **June 30, 2019 AED'000 (Unaudited)** | December 31, 2018 AED'000 (Audited)* |
|---|---|---|
| Receivables from third party customers | **112,206** | 111,126 |
| Due from related parties | **78,018** | 106,940 |
| Less: provision for expected/ incurred credit losses | **(72,716)** | (63,561) |
| | **117,508** | 154,505 |
| Advances to suppliers | **2,026** | 1,986 |
| Other receivables | **3,152** | 2,963 |
| Prepayments | **915** | 307 |
| | **123,601** | 159,761 |

*Refer note 5 for details of reclassification

## 18 Related party transactions

The Company, in the ordinary course of its business, enters into trading and financing transactions with entities which fall within the definition of "related party" as contained in International Accounting Standard 24. 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:

| Related Party transactions | Six-month period ended | | Three-month period ended | |
|---|---|---|---|---|
| | June 30, 2019 AED'000 | June 30, 2018 AED'000 | June 30, 2019 AED'000 | June 30, 2018 AED'000 |
| **Associate** | | | | |
| Interest Income | **9,243** | 9,243 | **4,673** | 4,673 |
| **Other Related Parties** | | | | |
| Revenues | **15,632** | 18,042 | **6,083** | 10,069 |
| Purchases | **(4,390)** | (4,808) | **(1,959)** | (2,835) |
| **Remuneration to key management personnel** | | | | |
| Salaries and other short term benefits | **1,614** | 1,548 | **769** | 635 |
| End of service benefits charged | **87** | 87 | **44** | 45 |
| | **1,701** | 1,635 | **813** | 680 |

## 19 Cash and cash equivalents

| | June 30, 2019 AED'000 (Unaudited) | December 31, 2018 AED'000 (Audited) |
|---|---|---|
| Cash in hand | **586** | 946 |
| Cash at banks current accounts | **85,996** | 50,268 |
| Cash at banks margin deposits | **6,308** | 6,308 |
| **Cash in hand and at bank** | **92,890** | 57,522 |
| Less: Margin deposits | **(6,308)** | (6,308) |
| Less: Bank overdraft | **(3,035)** | (27,039) |
| **Cash & cash equivalents** | **83,547** | 24,175 |

## 20 Interest bearing loans and borrowings

| | June 30, 2019 AED'000 (Unaudited) | December 31, 2018 AED'000 (Audited) |
|---|---|---|
| Murabaha Loan | **186,442** | 171,438 |
| Short term loans | **182,200** | 176,614 |
| Bank overdrafts | **3,035** | 27,039 |
| | **371,677** | 375,091 |
| Less: Current portion | **(204,596)** | (332,232) |
| Non Current portion | **167,081** | 42,859 |

This represents:-
During the current period, the Company has restructured its Murabaha agreement with a local Islamic bank for a total amount of USD 53.50 million (equivalent to AED 196.60 million) repayable in ten semi annual instalments over a period of five years maturing in 2023 (2018: maturing in the year 2020), plus profits at 3 months EIBOR + 1.95% (2018: 3 months EIBOR + 3%). As at the reporting date, AED 128.34 million (2018: AED 171.44 million) was outstanding against this facility. This loan was obtained by the Company and extended to its associate in the prior years. The Murabaha agreement is obtained against pledge of quoted equity shares having a fair value of AED 324 million as at the reporting date. As at 30 June 2019, the Company has not complied with financial covenant relating to minimum tangible net worth. Management has obtained a waiver letter for breach of covenant from the bank for the period April 1, 2019 to August 15, 2019.

Furthermore, during the current period, the Company has obtained a Murabaha loan with an Islamic bank for a total amount of SAR 60 million (equivalent to AED 58.10 million) repayable in six semi annual instalments over a period of three years maturing in 2022, plus profits at SAIBOR + 1.5%. As at the reporting date, AED 58.10 million was outstanding against this facility. The proceeds of the said loan are to affect repayment of the existing facilities. The Murabaha agreement is obtained against pledge of quoted equity shares having a fair value of AED 110 million as at the reporting date.

Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of AED 182.2 million for working capital requirements. The term of each loan obtained under this facility is for a period of 1 year. This facility bears interest at the commercial rates. This facility, along with other facilities obtained from the bank, is obtained against pledge of quoted equity shares having a fair value of AED 239 million as at the reporting date.

Bank overdraft carries monthly variable interest at commercial rates.

## 21 Trade and other payables

| | June 30, 2019 AED'000 (Unaudited) | December 31, 2018 AED'000 (Audited)* |
|---|---|---|
| Trade payables | **29,652** | 31,263 |
| Dividend payables | **17,114** | 17,529 |
| Accrued interest | **2,993** | 6,576 |
| Accruals for employee benefits | **4,874** | 4,874 |
| Due to related parties | **3,004** | 1,042 |
| Advances | **502** | 1,299 |
| Other accruals and payables | **13,216** | 10,049 |
| | **71,355** | 72,632 |

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

*Refer note 5 for details of reclassification

## 22 Dividend

For the year 2018, a cash dividend of AED 35.88 million *(2017: AED 53.82 million)* (AED 0.10 fils per share *(2017: AED 0.15 fils per share)*) was approved by the shareholders of the Company at the Annual General Meeting held on April 22, 2019, which would be distributed from retained earnings as at 31 December 2018 and any shortfall therein will be covered through other distributable reserves (i.e. general reserve). The dividend was paid in full during the current period.

## 23 Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in hand and at bank, trade and other receivables, loan receivables and financial assets at fair value. Financial liabilities consist of interest bearing loans and borrowings and trade and other payables.

The fair values of financial instruments are not materially different from their carrying values.

The following table presents the Company's financial assets that are measured at fair value, by valuation method:

| **June 30, 2019 (Unaudited)** | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| Quoted equity instruments at FVOCI | **810,725** | - | - | **810,725** |
| Unquoted equity instruments | - | - | **73,867** | **73,867** |
| Quoted debt instruments at FVOCI | **81,787** | - | - | **81,787** |
| Quoted debt instruments at FVTPL | **163,652** | - | - | **163,652** |
| | **1,056,164** | - | **73,867** | **1,130,031** |

| **December 31, 2018 (Audited)** | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
|---|---|---|---|---|
| Quoted equity instruments at FVOCI | 824,628 | - | - | 824,628 |
| Unquoted equity instruments | - | - | 73,867 | 73,867 |
| Quoted debt instruments at FVOCI | 95,796 | - | - | 95,796 |
| Quoted debt instruments at FVTPL | 158,754 | - | - | 158,754 |
| | 1,079,178 | - | 73,867 | 1,153,045 |

## 24 Segment Reporting

The Company's activities comprise two main business segments: 1) manufacturing and selling cement and cement related products (known as "Cement" segment) and 2) investment in debt, equity and structured products, securities, properties and associate (known as "Investment" segment). The details of segment revenue, segment result, segment assets and segment liabilities have been provided below.

| | **Six month period ended June 30, 2019** | | | Six month period ended June 30, 2018 (restated) | | |
|---|---|---|---|---|---|---|
| | **Cement AED'000** | **Investment AED'000** | **Total AED'000** | Cement AED'000 | Investment AED'000 | Total AED'000 |
| Revenue from customers | **101,771** | **-** | **101,771** | 106,678 | - | 106,678 |
| Direct costs | **(98,410)** | **-** | **(98,410)** | (93,970) | - | (93,970) |
| Depreciation | **(7,508)** | **-** | **(7,508)** | (6,657) | - | (6,657) |
| Administration, selling and general expenses | **(12,826)** | **-** | **(12,826)** | (14,205) | - | (14,205) |
| Impairment (loss) /reversal on trade and other receivables | **88** | **(9,243)** | **(9,155)** | (9,000) | (9,243) | (18,243) |
| Other operating income | **6,684** | **1,796** | **8,480** | 8,356 | 1,894 | 10,250 |
| Finance cost | **(5,293)** | **(5,507)** | **(10,800)** | (3,922) | (5,507) | (9,429) |
| Finance income | **-** | **18,050** | **18,050** | - | 21,143 | 21,143 |
| Dividend income | **-** | **31,093** | **31,093** | - | 30,878 | 30,878 |
| Others | **-** | **17,040** | **17,040** | - | (5,596) | (5,596) |
| Segment (Loss)/profit | **(15,493)** | **53,229** | **37,735** | (12,720) | 33,569 | 20,849 |

| | **June 30, 2019 AED'000 (Unaudited)** | | | December 31, 2018 AED'000 (Audited) | | |
|---|---|---|---|---|---|---|
| | **Cement AED'000** | **Investment AED'000** | **Total AED'000** | Cement AED'000 | Investment AED'000 | Total AED'000 |
| Total assets* | **413,462** | **1,448,955** | **1,862,417** | 405,665 | 1,507,595 | 1,913,260 |
| Total liabilities | **406,011** | **58,083** | **464,094** | 297,354 | 171,428 | 468,782 |
| Capital Expenditure | **1,480** | **-** | **1,480** | 3,240 | - | 3,240 |

* Cash and bank balances are not allocated to individual segments as these are managed and utilised as needed

Additional information required by IFRS 8 *Segment Reporting,* is disclosed below

*a) Information about geographical segments*

All the sales of the Company for the six month period ended June 30, 2019 and six month period ended June 30, 2018 is within UAE.

*b) Major customers*

During the three month period ended June 30, 2019, there were 3 customers *(June 30, 2018: 3 customers)* with revenues greater than 10% of the total revenue of the Company.

## 25 Contingent liabilities

| | June 30, 2019 AED'000 (Unaudited) | December 31, 2018 AED'000 (Audited)* |
|---|---|---|
| Letters of guarantee | **3,009** | 4,619 |
| Letters of credit | - | 4,607 |

## 26 Operating lease

**Leases as lessee**
The Company has leased plots of land under operating leases on which residential flats for staff accommodation are located. These leases are for a period of one year and renewed based on market prices at the date of renewal and mutually agreed commercial terms. The Company does not have an obligation to renew these leases and have right to vacate upon expiry of the lease term.

**Leases as lessor**
The Company had leased residential villas on operating leases to earn rental income. These leases are for a period of one year, with an option to renew the lease on market prices at the date of renewal and mutually agreed commercial terms.