

**National Cement Company
(Public Shareholding Co)**

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS**

30 JUNE 2020

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

Introduction

We have reviewed the accompanying interim condensed financial statements of National Cement Company (Public Shareholding Co.) (the "Company") as at 30 June 2020, which comprise the interim statement of financial position as at 30 June 2020, and the related interim statement of profit or loss and other comprehensive income for the three-months and six-months periods then ended, and the related interim statements of changes in equity and cash flows for the six-months period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with IAS 34 *International Accounting Standard* (IAS 34). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the 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. Consequently, it 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.

Basis for Qualified Conclusion

1. As disclosed in Note 8 to the interim condensed financial statements, as at 31 March 2020, the Company has investment in an unquoted equity investment classified as Fair Value through Other Comprehensive Income (FVOCI) amounting to AED 41,868 thousand. We were not provided with sufficient appropriate audit evidence supporting the measurement of fair value as of the reporting date. As a result, we are unable to determine whether any adjustment to the carrying amount of the investment was necessary at 31 March 2020.
2. As disclosed in Note 10 to the interim condensed financial statements, the Company has extended a loan of AED 316,000 thousand to its associate. Although the associate had a history of default in meeting the loan repayment commitments and the renewal of the loan agreement has not yet been finalized, management considers the loan to be fully recoverable on the basis that there are adequate and sufficient securities against the loan. As a result of the history of default, absence of a renewed loan agreement, and absence of formal and recent valuation of the associate's pledged assets, we were unable to determine whether any impairment would have been required to the carrying amount of the loan at the reporting date.

Qualified Conclusion

Based on our review, with the exception of the matters described in the preceding section, 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 Matters

We draw attention to the fact that the financial statements of the Company as at and for the year ended 31 December 2019 were audited by another auditor who issued a modified audit report on those statements on 26 March 2020 due to the inability to obtain sufficient appropriate evidence to conclude on the measurement of the fair value of an unquoted equity investment and the determination of expected credit loss on the loan to the associate.

We also draw attention that the interim condensed financial statements of the Company as at and for the six-month period ended 30 June 2019 were reviewed by another auditor who issued a modified review conclusion on those financial statements on 6 August 2019 due to the inability to obtain sufficient appropriate evidence on the opening balances as of 1 January 2019.

For Ernst & Young



Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

13 August 2020

Dubai, United Arab Emirates

A member firm of Ernst & Young Global Limited

National Cement Company (Public Shareholding Co.)

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Notes	Six months ended		Three months ended	
		30 June 2020 AED'000 (Unaudited)	30 June 2019 AED'000 (Unaudited)	30 June 2020 AED'000 (Unaudited)	30 June 2019 AED'000 (Unaudited)
Revenue		84,054	101,771	44,475	47,466
Direct costs	3	(104,376)	(105,919)	(45,585)	(50,399)
GROSS LOSS		(20,322)	(4,148)	(1,110)	(2,933)
Other operating income	4	6,505	8,480	2,565	4,116
Administration and general expenses	5	(11,183)	(11,217)	(5,552)	(5,742)
Selling and distribution expenses		(1,875)	(1,608)	(1,443)	(820)
Impairment loss on trade and other receivables		-	(9,155)	-	(4,673)
OPERATING LOSS		(26,875)	(17,648)	(5,540)	(10,052)
Finance income	6	17,743	18,050	8,776	9,998
Finance cost		(4,907)	(10,800)	(1,978)	(5,447)
Dividend income from equity investments		33,218	31,093	25,603	6,190
Net change in fair value of debt instruments at FVTPL	8	(44,413)	17,040	7,556	(1,094)
(LOSS)/PROFIT FOR THE PERIOD		(25,234)	37,735	34,417	(405)
Other comprehensive (loss)/income					
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>					
Net change in fair value of equity instruments at FVOCI	8	(41,012)	(13,904)	13,086	(45,443)
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>					
Net change in fair value of debt instruments at FVOCI	8	(6,000)	2,323	6,919	(1,222)
Debt instruments at FVOCI - reclassification to profit or loss on maturity		-	(1,061)	-	(1,061)
Other comprehensive (loss)/income for the period		(47,012)	(12,642)	20,005	(47,726)
Total comprehensive (loss)/income for the period		(72,246)	25,093	54,422	(48,131)
Earnings per share					
Basic and diluted earnings per share (AED)	17	(0.07)	0.11	0.10	0.00

The attached notes 1 to 23 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	7	196,307	203,783
Intangible assets		2,700	3,000
Investment properties		2,924	2,924
Investments in financial assets	8	852,606	958,648
Loan receivable from an associate	10	316,000	316,000
		1,370,537	1,484,355
Current assets			
Investments in financial assets	8	105,168	100,889
Inventories	11	78,071	68,380
Trade and other receivables	12	81,572	99,752
Advances and other receivables		9,600	1,340
Bank balances and cash	13	27,072	30,294
		301,483	300,655
TOTAL ASSETS		1,672,020	1,785,010
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	313,323
Fair value reserve of financial assets at FVOCI		456,036	503,048
Retained earnings		11,416	73,780
Total equity		1,319,003	1,428,379
Non-current liabilities			
Bank borrowings	15	45,257	145,927
Employees' end of service benefits		20,643	20,773
		65,900	166,700
Current liabilities			
Bank overdraft	13	4,893	-
Bank borrowings	15	219,079	134,740
Trade and other payables	16	63,145	55,191
		287,117	189,931
Total liabilities		353,017	356,631
TOTAL EQUITY AND LIABILITIES		1,672,020	1,785,010

These interim condensed financial statements were authorised for issue by the Board of Directors on 13 August 2020 and signed by:


Chairman


Vice Chairman

The attached notes 1 to 23 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.)
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2020

	Share capital AED'000	Share application money AED'000	Fair value reserve of financial assets at FVOCI AED'000	General reserve AED'000	Statutory reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance as at 1 January 2020 (Audited)	358,800	26	503,048	313,323	179,402	73,780	1,428,379
Loss for the period	-	-	-	-	-	(25,234)	(25,234)
Other comprehensive loss for the period	-	-	(47,012)	-	-	-	(47,012)
Total comprehensive loss for the period	-	-	(47,012)	-	-	(25,234)	(72,246)
Directors fees paid	-	-	-	-	-	(1,250)	(1,250)
Dividends paid (Note 19)	-	-	-	-	-	(35,880)	(35,880)
As at 30 June 2020 (Unaudited)	358,800	26	456,036	313,323	179,402	11,416	1,319,003
Balance as at 1 January 2019 (Audited)	358,800	26	614,569	316,517	179,402	32,686	1,502,000
Profit for the period	-	-	-	-	-	37,735	37,735
Other comprehensive loss for the period	-	-	(12,642)	-	-	-	(12,642)
Total comprehensive income for the period	-	-	(12,642)	-	-	37,735	25,093
Dividend paid (Note 19)	-	-	-	(3,194)	-	(32,686)	(35,880)
As at 30 June 2019 (Unaudited)	358,800	26	601,927	313,323	179,402	37,735	1,491,213

The attached notes 1 to 23 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.)
INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020

		Six months ended 30 June	
	<i>Notes</i>	2020 AED '000 Unaudited	2019 AED '000 Unaudited
OPERATING ACTIVITIES			
(Loss)/profit for the period		(25,234)	37,735
Adjustments for:			
Depreciation on property, plant and equipment	7	9,153	8,552
Change in fair value of financial assets at fair value through profit and loss	8	44,413	(17,040)
Loss on sale of fixed assets		-	(5)
Allowance for expected credit losses	12	-	9,155
Write down of inventories	3	8,002	-
Provision for employees' end of services benefits, net		547	680
Dividend income		(33,218)	(31,093)
Finance income	6	(17,743)	(18,050)
Finance cost		4,907	10,800
		(9,173)	734
Working capital changes:			
Inventories		(17,693)	(14,669)
Trade and other receivables		9,920	36,458
Trade and other payables		7,954	2,305
Margin deposits		(8,980)	-
Cash (used in)/from operating activities		(17,972)	24,828
Employees' end of service benefits paid		(677)	(677)
Net cash flows (used in)/from operating activities		(18,649)	24,151
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(1,543)	(2,213)
Proceeds from sale of property, plant and equipment		166	5
Investments in financial assets	8	(46,367)	(11,779)
Proceeds from maturity/disposals of financial assets	8	56,705	40,252
Dividend received		33,218	31,093
Interest received		20,376	7,536
Net cash flows from investing activities		62,555	64,894
FINANCING ACTIVITIES			
Proceeds from bank borrowings	15	65,000	63,658
Repayment of bank borrowings	15	(81,331)	(43,068)
Finance cost paid		(8,790)	(14,383)
Dividend paid		(35,880)	(35,880)
Net cash flows used in financing activities		(61,001)	(29,673)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(17,095)	59,372
Cash and cash equivalents at the beginning of the period		23,986	24,175
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13	6,891	83,547

The attached notes 1 to 23 form part of these interim condensed financial statements.

1 BACKGROUND AND PRINCIPAL ACTIVITIES

National Cement Company (Public Shareholding Co.), Dubai ("the Company"), is registered in accordance with a decree issued by His Highness Ruler of Dubai on 10 April 1968 establishing a cement company in the Emirate of Dubai and in accordance with the provisions of the UAE Federal Law No. 2 of 2015. The Company is listed on the Dubai Financial Market ("DFM"). 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 interim condensed financial statements have been approved by the Board of Directors on 13 August 2020.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34: *Interim Financial Reporting*.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with Company's annual financial statements as at 31 December 2019.

The interim condensed financial statements have been prepared in United Arab Emirates Dirhams (AED), which is the Company's functional and presentation currency, and all values are rounded to the nearest thousand except where otherwise indicated.

The interim condensed financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss and through other comprehensive income that have been measured at fair value, and the investment in associate that has been measured using equity accounting.

2.2 New standards, interpretations and amendments adopted by the Company

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 statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have any material impact on the interim condensed financial statements of the Company.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed financial statements of the Company as it does not have any interest rate hedge relationships.

2 BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES (continued)**2.2 New standards, interpretations and amendments adopted by the Company (continued)*****Amendments to IAS 1 and IAS 8: Definition of Material***

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no material impact on the interim condensed financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no material impact on the interim condensed financial statements of the Company.

2.3 Fair value measurement

All financial assets and liabilities are stated at amortized cost or historical cost except for investments in financial assets that are measured at fair value. The fair values of the financial assets and liabilities are not materially different from their carrying values at the reporting date. The FVOCI and FVTPL investments are classified within Levels 1, 2 and 3 of the fair value hierarchies. There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the period.

3 DIRECT COSTS

	<i>Six months ended</i>	
	<i>30 June 2020 AED'000 (Unaudited)</i>	<i>30 June 2019 AED'000 (Unaudited)</i>
Material cost	50,585	58,226
Utilities and other factory costs	28,804	28,896
Write down of inventories	8,002	-
Staff costs	8,826	11,289
Depreciation of property, plant and equipment (Note 7)	8,159	7,508
	<u>104,376</u>	<u>105,919</u>

4 OTHER OPERATING INCOME

	<i>Six months ended</i>	
	<i>30 June 2020 AED '000 (Unaudited)</i>	<i>30 June 2019 AED '000 (Unaudited)</i>
Sale of scrap and other non-trading materials	3,318	4,195
Rental income from investment properties	1,477	1,795
Other rental income	1,460	2,070
Others	250	420
	<u>6,505</u>	<u>8,480</u>

5 ADMINISTRATION AND GENERAL EXPENSES

	<i>Six months ended</i>	
	<i>30 June 2020 AED '000 (Unaudited)</i>	<i>30 June 2019 AED '000 (Unaudited)</i>
Staff costs	6,973	7,501
Office expenses	1,374	1,409
Depreciation of property, plant and equipment (Note 7)	1,136	1,043
Bank charges	178	142
Exchange rate difference	605	296
Other	917	826
	<u>11,183</u>	<u>11,217</u>

6 FINANCE INCOME

	<i>Six months ended</i>	
	<i>30 June 2020 AED '000 (Unaudited)</i>	<i>30 June 2019 AED '000 (Unaudited)</i>
Interest income on loan to associate	10,443	9,243
Interest income on investments in financial assets (debt instruments)	7,300	7,536
Debt investments at FVOCI - gain on maturity reclassified from OCI	-	1,061
Change in fair value of derivative financial instruments	-	210
	<u>17,743</u>	<u>18,050</u>

7 PROPERTY, PLANT AND EQUIPMENT

During the six-months period ended 30 June 2020, additions to property, plant and equipment amounted to AED 1.54 million (period ended 30 June 2019: AED 2.21 million) and assets amounting to AED 0.17 million were disposed during the period (period ended 30 June 2019: AED 0.03 million). Depreciation charge for the period amounts to AED 9.3 million (period ended 30 June 2019: AED 8.55 million).

8 INVESTMENTS IN FINANCIAL ASSETS

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Current assets		
Investments at FVOCI	15,920	9,238
Investments at FVTPL	89,248	91,651
	105,168	100,889
Non-current assets		
Investments at FVOCI	792,039	845,119
Investments at FVTPL	60,567	113,529
	852,606	958,648
	957,774	1,059,537

The categories of investments in financial assets are as follows:

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Quoted equity instruments – at fair value	701,062	742,074
Debt instruments – at fair value	214,844	275,595
Unquoted equity instruments – at cost	41,868	41,868
	957,774	1,059,537

*The Company has an investment, through an unquoted equity instrument, in a cement plant under construction outside the UAE. The investment is being carried at Fair Value through Other Comprehensive Income and is classified as Level 3 fair value hierarchy. The Company was not able to engage a third-party valuer to reliably determine the fair value of the investment due to the ongoing political and economic situation in the country of investment, which is impacting the project plan and milestones. Accordingly, based on management judgement, the fair value was determined to be AED 41,868 thousand (31 December 2019: AED 41,868 thousand), representing the carrying value.

Investments in financial assets amounting to AED 661,941 thousand (31 December 2019: AED 711,580 thousand) are pledged with banks against loans and borrowings (Note 15).

The movement in investments in financial assets during the period was as follows:

	Six-month period ended 30 June 2020 (Unaudited)			
	Debt instruments at FVOCI AED'000	Debt instruments at FVTPL AED'000	Equity instruments at FVOCI AED'000	Total AED'000
At the beginning of the period	70,415	205,180	783,942	1,059,537
Additions during the period	4,307	42,060	-	46,367
Matured/redeemed	(3,693)	(53,012)	-	(56,705)
Change in fair value	(6,000)	(44,413)	(41,012)	(91,425)
At the end of the period	65,029	149,815	742,930	957,774

8 INVESTMENTS IN FINANCIAL ASSETS (continued)

The investments in financial assets by geography are as follows:

	30 June 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
United Arab Emirates	564,651	585,084
Saudi Arabia	136,411	156,990
Other countries	256,712	317,463
	957,774	1,059,537

9 INVESTMENT IN AN ASSOCIATE

Investment in an associate represents 25.43% (2019: 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 periods, the Company has accounted for the investment after taking account of the effect of hyperinflationary economy and of using uniform accounting policies while preparing the financial statements of the associate. Furthermore, the Company has fully written off its cost of investment in the associate and it has no obligation towards the losses, exceeding the face value of equity shares held.

10 LOAN RECEIVABLE FROM ASSOCIATE

The loan of AED 316 million at 30 June 2020 represents AED denominated loan given to the associate and was recoverable by October 2019, however, the associate has defaulted on several payments. The interest rate on this loan is charged at the rate of 5.85% per annum. The loan carries pledge against the assets of the associate.

Management performed an impairment assessment on the loan and evaluated the associate's ability to repay the loan based on the specific factors that includes the payment pattern during and subsequent to the period, existence of adequate and sufficient securities against the loan and proposed amendment of loan agreement with revised repayment schedule, which is expected to be formalized during the year 2020. Based on such assessment, and the fact that the loan is secured against pledge of assets having a fair value exceeding the loan amount at 30 June 2020, management concluded that no impairment is required to the loan balance.

11 INVENTORIES

	30 June 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
Raw materials	16,806	11,472
Work in progress	36,569	32,792
Finished goods	1,851	1,837
Consumable and spare parts	22,845	22,279
	78,071	68,380

12 TRADE AND OTHER RECEIVABLES

	30 June 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
Trade receivables		
Receivables from third party customers	95,233	93,204
Due from related parties (Note 14)	27,100	47,916
Less: allowance for expected credit losses	(43,819)	(43,819)
	<u>78,514</u>	<u>97,301</u>
Other receivables	3,058	2,451
	<u>81,572</u>	<u>99,752</u>

13 CASH AND CASH EQUIVALENTS

	30 June 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
Cash in hand	278	516
Cash at banks – current accounts	11,506	23,470
Cash at banks – margin deposits	15,288	6,308
Bank balances and cash	<u>27,072</u>	<u>30,294</u>
Less: margin deposits	(15,288)	(6,308)
Less: bank overdraft*	(4,893)	-
Cash and cash equivalents	<u>6,891</u>	<u>23,986</u>

* During the period, the Company obtained an overdraft facility from a local bank with a limit of AED 30,000 thousand and carrying interest at commercial rate.

14 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

a. Significant transactions with related parties:

	Six months ended	
	30 June 2020 AED '000 (Unaudited)	30 June 2019 AED '000 (Unaudited)
<i>Associate</i>		
Interest income	10,443	9,243
<i>Other related parties</i>		
Sale of cement	6,080	15,632
Purchase of materials and services	(1,896)	(4,390)

14 RELATED PARTY TRANSACTIONS AND BALANCES (continued)**b. Compensation of key management personnel**

The remuneration of directors and other key members of management during the period was as follows:

	<i>Six months ended</i>	
	<i>30 June 2020 AED '000 (Unaudited)</i>	<i>30 June 2019 AED '000 (Unaudited)</i>
Salaries and other short-term benefits	1,690	1,614
End of service benefits	87	87
	1,777	1,701

c. Due from related parties

	<i>30 June 2020 AED '000 (Unaudited)</i>	<i>31 December 2019 AED '000 (Audited)</i>
Associate	13,490	34,398
Other related parties	13,610	13,518
	27,100	47,916

d. Due to related parties

	<i>30 June 2020 AED '000 (Unaudited)</i>	<i>31 December 2019 AED '000 (Audited)</i>
Other related parties	1,823	2,167

15 BANK BORROWINGS

	<i>30 June 2020 AED '000 (Unaudited)</i>	<i>31 December 2019 AED '000 (Audited)</i>
Murabaha loans (1)	84,336	165,667
Short-term loans (2)	180,000	115,000
	264,336	280,667
Less: current portion	(219,079)	(134,740)
Non-current portion	45,257	145,927

15 BANK BORROWINGS (continued)

- (1) The Company has entered into a Murabaha agreement with a local Islamic bank for a total amount of USD 53,500 thousand (equivalent to AED 196,600 thousand) repayable in ten semi-annual instalments over a period of five years maturing in 2023, plus profits at 3 months EIBOR + 1.95% p.a. As at the reporting date, AED 45,257 thousand 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 289,144 thousand (2019: AED 303,839 thousand) as at the reporting date.
- (2) The Company has obtained a Murabaha loan with an Islamic bank for a total amount of SAR 60,000 thousand (equivalent to AED 58,500 thousand) repayable in three annual instalments over a period of three years maturing in 2022, plus profits at SAIBOR + 1.5% p.a.. As at the reporting date, AED 39,078 thousand 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 84,783 thousand (2019: AED 90,365 thousand) as at the reporting date.
- (3) Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of AED 185 million (2019: AED 145.2 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 288,014 thousand (2019: AED 317,377) as at the reporting date.

16 TRADE AND OTHER PAYABLES

	30 June 2020 AED '000 (Unaudited)	31 December 2019 AED '000 (Audited)
Trade payables	12,862	10,969
Dividends payable	17,080	17,080
Accrued interest	1,806	5,689
Accruals for employee benefits	4,938	4,937
Due to related parties (Note 14)	1,823	2,167
Advances	1,519	1,284
Accrued expenses and other payables	23,117	13,065
	63,145	55,191

17 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the loss for the period attributable to the shareholders of the Company of AED 25,234 thousand (2019: profit of AED 37,735 thousand) by the weighted average number of shares outstanding during the period of 358,800 thousand shares (2019: 358,800 thousand shares).

The Company has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

18 SEGMENT REPORTING

The Company's activities comprise two main business segments: 1) manufacturing and selling cement and related products and 2) investments in securities, properties and associate. The details of segment revenue, result, assets and liabilities have been provided below:

	<i>Six months period ended 30 June 2020 (Unaudited)</i>			<i>Six months period ended 30 June 2019 (Unaudited)</i>		
	<i>Cement AED '000</i>	<i>Investments AED '000</i>	<i>Total AED '000</i>	<i>Cement AED '000</i>	<i>Investments AED '000</i>	<i>Total AED '000</i>
Revenue	84,054	-	84,054	101,771	-	101,771
Direct costs	(96,217)	-	(96,217)	(98,410)	-	(98,410)
Depreciation	(8,159)	-	(8,159)	(7,508)	-	(7,508)
Administration, selling and general expenses	(13,058)	-	(13,058)	(12,826)	-	(12,826)
Impairment expense	-	-	-	88	(9,243)	(9,155)
Other operating income	5,028	1,477	6,505	6,684	1,796	8,480
Finance cost	(4,907)	-	(4,907)	(5,293)	(5,507)	(10,800)
Finance income	-	17,743	17,743	-	18,050	18,050
Dividend income	-	33,218	33,218	-	31,093	31,093
Others	-	(44,413)	(44,413)	-	17,040	17,040
Segment (loss)/profit	(33,259)	8,025	(25,234)	(15,494)	53,229	37,735
	<i>30 June 2020 (Unaudited)</i>			<i>31 December 2019 (Audited)</i>		
	<i>Cement AED '000</i>	<i>Investments AED '000</i>	<i>Total AED '000</i>	<i>Cement AED '000</i>	<i>Investments AED '000</i>	<i>Total AED '000</i>
Segment assets*	368,250	1,276,698	1,644,948	376,255	1,378,461	1,754,716
Segment liabilities	83,788	269,229	353,017	190,964	165,667	356,631

* Cash and bank balances are not allocated to individual segments as these are managed and utilized 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 months period ended 30 June 2020 and six-month period ended 30 June 2019 is within UAE.

b) *Major customers*

During the six months period ended 30 June 2020, there were 3 customers (2019: 3 customers) with revenues greater than 10% of the total revenue of the Company.

19 DIVIDENDS

In the Annual General Meeting held on 20 April 2020, a cash dividend of AED 35,880 thousand (AED 0.1 fils per share) was declared and approved by the shareholders of the Company related to 2019. (2019: 0.1 fils per share totaling to AED 35,880 thousand related to 2018). The dividends were paid on 7 May 2020.

20 CONTINGENCIES AND CAPITAL COMMITMENTS

	30 June 2020 AED'000 (Unaudited)	31 December 2019 AED'000 (Audited)
Bank guarantees	3,009	3,009

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash on hand and bank balances, trade receivables, loan receivables, due from related parties, financial assets at fair value. Financial liabilities consist of interest bearing loans and borrowings, trade and other payables and due to related parties.

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

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

30 June 2020 (Unaudited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at FVOCI	701,062	65,029	41,868	807,959
Financial assets at fair value through profit or loss	-	149,815	-	149,815
Total	701,062	214,844	41,868	957,774

31 December 2019 (Audited)	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at FVOCI	748,577	63,912	41,868	854,357
Financial assets at fair value through profit or loss	-	205,180	-	205,180
Total	748,577	269,092	41,868	1,059,537

22 RISK MANAGEMENT

The ongoing novel coronavirus (Covid-19) situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorisation of these interim condensed financial statements.

The Company has considered the potential impact (based on the best available information) of the uncertainties caused by the Covid-19 pandemic and taken in to account the economic support and relief measures of governments.

22 RISK MANAGEMENT (continued)

Notwithstanding, these developments could impact the future financial results, cash flows and financial position of the Company.

23 COMPARATIVE INFORMATION

Certain comparative information in the interim statement of profit or loss and other comprehensive has been reclassified to conform to the current period's presentation. Such reclassification did not have any impact on the previously reported result.