

Sharjah Cement and Industrial
Development Co. (PJSC)

Condensed interim financial information
31 March 2017

Sharjah Cement and Industrial Development Co. (PJSC)

Condensed interim financial information

31 March 2017

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed interim financial information	1-2
Condensed statement of profit or loss	3
Condensed statement of other comprehensive income	4
Condensed statement of financial position	5
Condensed statement of cash flows	6
Condensed statement of changes in equity	7-8
Notes to the condensed interim financial information	9-15



KPMG Lower Gulf Limited
2002, Al Batha Tower
Buhaira Corniche, Sharjah, UAE
Tel. +971 (6) 517 0700, Fax +971 (6) 572 3773

Independent auditors' report on review of condensed interim financial information

To the Shareholders of Sharjah Cement and Industrial Development Co. (PJSC)

Introduction

We have reviewed the accompanying 31 March 2017 condensed interim financial information of Sharjah Cement and Industrial Development Co. (PJSC) ("the Company"), which comprises:

- the condensed statement of profit or loss for the three month period ended 31 March 2017;
- the condensed statement of other comprehensive income for the three month period ended 31 March 2017;
- the condensed statement of financial position as at 31 March 2017;
- the condensed statement of cash flows for the three month period ended 31 March 2017;
- the condensed statement of changes in equity for the three month period ended 31 March 2017; and
- notes to the interim financial information.

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



Sharjah Cement and Industrial Development Co. (PJSC)

*Independent auditors' report on review of condensed
interim financial information
31 March 2017*

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 the interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2017 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter paragraph

The condensed interim financial information of the Company for the three month period ended 31 March 2016 was reviewed by another auditor, whose report dated 28 April 2016 expressed an unqualified review conclusion. Furthermore, the financial statements of the Company for the year ended 31 December 2016 were audited by another auditor, whose report dated 4 March 2017 expressed an unqualified opinion on those statements.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No. 968
Dubai, United Arab Emirates
Date: 01 MAY 2017

Sharjah Cement and Industrial Development Co. (PJSC)

Condensed statement of profit or loss
for the three month period ended 31 March 2017 (unaudited)

	Note	Three month period ended 31 March	
		2017 AED'000	2016 AED'000
Revenue	17	165,348	174,213
Cost of sales	17	(159,291)	(156,160)
Gross profit		<u>6,057</u>	<u>18,053</u>
Administrative and general expenses		(4,204)	(3,569)
Selling and distribution expenses		(1,726)	(1,126)
Investment income/(loss)	5	11,820	(151)
Finance expense		(2,266)	(2,735)
Other income		1,964	907
Profit for the period		<u><u>11,645</u></u>	<u><u>11,379</u></u>
Basic and diluted earnings per share	14	<u><u>0.021</u></u>	<u><u>0.021</u></u>

The notes on pages 9 to 15 are an integral part of these condensed interim financial information.

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

Sharjah Cement and Industrial Development Co. (PJSC)

Condensed statement of other comprehensive income
for the three month period ended 31 March 2017 (unaudited)

		Three month period ended 31 March	
	Note	2017 AED'000	2016 AED'000
Profit for the period		<u>11,645</u>	<u>11,379</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net decrease in fair value of available for sale investments	13	(1,977)	(9,388)
Net realised (gain)/loss on disposal of available for sale investments transferred to profit or loss	13	<u>(5,677)</u>	<u>1,161</u>
Other comprehensive loss for the period		<u>(7,654)</u>	<u>(8,227)</u>
Total comprehensive income for the period		<u>3,991</u>	<u>3,152</u>

The notes set out on pages 9 to 15 form an integral part of these condensed interim financial information.

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Sharjah Cement and Industrial Development Co. (PJSC)

Condensed statement of financial position

as at 31 March 2017

		31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)
Assets				
Non-current assets				
Property, plant and equipment		856,528	868,639	854,646
Investment properties	8	111,613	112,103	113,606
Investment in an associate	6	42,125	42,125	42,125
Available for sale investments	7	226,927	232,949	262,054
		<u>1,237,193</u>	<u>1,255,816</u>	<u>1,272,431</u>
Current assets				
Inventories		237,834	266,429	254,125
Trade and other receivables		232,933	213,125	247,520
Trading securities at fair value through profit or loss		10,407	9,398	9,547
Cash in hand and at bank	9	62,824	46,891	59,378
		<u>543,998</u>	<u>535,843</u>	<u>570,570</u>
Current liabilities				
Trade and other payables		116,480	122,525	110,552
Payable against construction of property, plant and equipment		1,405	4,787	6,073
Current portion of bank term loan		90,825	85,925	78,575
Short term bank loans		87,103	88,038	115,009
		<u>295,813</u>	<u>301,275</u>	<u>310,209</u>
Net current assets		<u>248,185</u>	<u>234,568</u>	<u>260,361</u>
Non-current liabilities				
Long term bank loan		50,706	60,365	112,131
Provision for staff terminal benefits		25,868	25,206	25,337
Net assets		<u>1,408,804</u>	<u>1,404,813</u>	<u>1,395,324</u>
Represented by				
Share capital	10	552,958	552,958	552,958
Statutory reserve	11	334,091	334,091	334,091
General reserve	12	226,373	226,373	226,373
Retained earnings		216,113	204,468	198,542
Cumulative changes in fair value of available for sales investments	13	35,032	42,686	44,653
Proposed dividend	16	44,237	44,237	38,707
		<u>1,408,804</u>	<u>1,404,813</u>	<u>1,395,324</u>

The notes on pages 9 to 15 are an integral part of these condensed interim financial information.


Chairman


Chief Executive

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

Sharjah Cement and Industrial Development Co. (PJSC)

Condensed statement of cash flow

for the three month period ended 31 March 2017 (unaudited)

	Three month period ended 31 March	
	2017 AED'000	2016 AED'000
Operating activities		
Profit for the period	11,645	11,379
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	13,592	12,670
Depreciation on investment properties	490	496
Provision for staff terminal benefits	1,290	630
Gain on disposal of property, plant and equipment	(25)	(7)
(Gain)/loss on disposal of available for sale securities	(5,677)	1,161
Gain on disposal of trading securities	(109)	(59)
(Gain)/loss on change in fair value of trading securities	(1,369)	446
Dividend and other investment income	(4,665)	(1,397)
Interest expense	2,266	2,735
	-----	-----
	17,438	28,054
<i>Changes in:</i>		
- inventories	28,595	10,012
- trade and other receivables	(19,808)	(23,633)
- trade and other payables	(6,045)	(2,372)
Staff terminal benefits paid	(628)	(2,294)
	-----	-----
Net cash generated from operating activities	19,552	9,767
	-----	-----
Investing activities		
Acquisition of property, plant and equipment	(1,568)	(9,571)
Proceeds from disposal of property, plant and equipment	25	7
Purchase of available for sale investments	(13,528)	(741)
Change in payable against construction of property, plant and equipment	(3,382)	38
Proceeds from disposal of available for sale investments	17,573	7,952
Dividend and other investment income	4,665	1,397
Net movement in trading securities	360	(316)
	-----	-----
Net cash generated from/(used in) investing activities	4,145	(1,234)
	-----	-----
Financing activities		
Repayment of long term bank loans	(15,006)	(22,356)
Long term bank loans availed	10,247	-
Net movement in short term borrowings	(935)	12,662
Interest paid	(2,070)	(318)
	-----	-----
Net cash used in financing activities	(7,764)	(10,012)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	15,933	(1,479)
Cash and cash equivalents at the beginning of the period	46,891	60,857
	-----	-----
Cash and cash equivalents at the end of the period	62,824	59,378
	-----	-----
<i>Represented by:</i>		
Cash in hand and at bank	62,824	59,378
	=====	=====

The notes on pages 9 to 15 are an integral part of these condensed interim financial information.

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

Sharjah Cement and Industrial Development Co. (PJSC)

Condensed statement of changes in equity
for the three month period ended 31 March 2017

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Cumulative changes in fair value of available for sale investments AED'000	Proposed dividend AED'000	Total AED'000
Balance at 1 January 2017 (audited)	552,958	334,091	226,373	204,468	42,686	44,237	1,404,813
Total comprehensive income for the period (unaudited)							
Profit for the period	-	-	-	11,645	-	-	11,645
Net decrease in fair value of available for sale investment	-	-	-	-	(1,977)	-	(1,977)
Net realised gain on disposal of available for sale investments transferred to profit or loss	-	-	-	-	(5,677)	-	(5,677)
Total comprehensive income for the period (unaudited)							
Balance at 31 March 2017 (unaudited)	552,958	334,091	226,373	216,113	35,032	44,237	1,408,804

Sharjah Cement and Industrial Development Co. (PJSC)

Condensed statement of changes in equity (continued)
for the three month period ended 31 March 2017

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Retained earnings AED'000	Cumulative changes in fair value of available for sale investments AED'000	Proposed dividend AED'000	Total AED'000
Balance at 1 January 2016 (audited)	552,958	334,091	226,373	187,163	52,880	38,707	1,392,172
Total comprehensive income for the period (unaudited)							
Profit for the period	-	-	-	11,379	-	-	11,379
Net decrease in fair value of available for sale investment	-	-	-	-	(9,388)	-	(9,388)
Net realised loss on disposal of available for sale investments transferred to profit or loss	-	-	-	-	1,161	-	1,161
Total comprehensive income for the period (unaudited)	-	-	-	11,379	(8,227)	-	3,152
Balance at 31 March 2016 (unaudited)	552,958	334,091	226,373	198,542	44,653	38,707	1,395,324

The notes set out on pages 9 to 15 are an integral part of these condensed interim financial information.

Sharjah Cement Industrial Development Co. (PJSC)

Notes to the condensed interim financial information (continued)
for the three month period ended 31 March 2017 (unaudited)

1 Reporting entity

Sharjah Cement and Industrial Development Co. (PJSC) (“the Company”) was incorporated in Sharjah, United Arab Emirates in 1977 under an Emiri Decree issued by H.H The Ruler of Sharjah and has since been registered as a public joint stock company. The Company is engaged in the manufacture and supply of cement, paper sacks and plastic ropes. The Company invests its surplus funds in investment securities, private equities and properties.

The Company operates from Sharjah, United Arab Emirates and sell its products in the UAE and certain other countries in the Middle East, Africa and Asia. The Company registered office is at P.O. Box 2083 Sharjah, United Arab Emirates. The shares of the Company are listed in Abu Dhabi Securities Market and Kuwait Stock Exchange.

2 Basis of preparation

Statement of compliance

The condensed interim financial information has been prepared in accordance with the International Accounting Standard (“IAS”) 34, ‘*Interim Financial Reporting*’. The condensed interim financial information does 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 31 December 2016.

Basis of measurement

These condensed interim financial information has been presented on the historical cost basis except for available for sale financial assets, trading securities and derivative financial instruments which are measured at fair value.

Functional and presentation currency

These condensed interim financial information are presented in United Arab Emirate Dirham (“AED”), rounded to nearest thousand except when otherwise indicated, which is the Company’s functional currency.

Accounting estimates and judgments

In preparing these condensed interim financial information, the management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and 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 sources of estimation uncertainty were the same as to those that were applied in the preparation of the financial statements of the Company as at and for the year ended 31 December 2016.

Sharjah Cement Industrial Development Co. (PJSC)

Notes to the condensed interim financial information (continued)
for the three month period ended 31 March 2017 (unaudited)

3 Significant accounting policies

The accounting policies applied in the preparation of the condensed interim financial information are consistent with those applied by the Company in its financial statements as at and for the year ended 31 December 2016.

4 Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2016.

5 Investment income/(loss)

	Three month period ended 31 March	
	2017 AED'000 Unaudited	2016 AED'000 Unaudited
Net gain on sale of trading securities	109	59
Net gain/(loss) on disposal available for sale investments	5,677	(1,161)
Gain/(loss) on change in fair value of trading securities	1,369	(446)
Dividend income	3,472	1,835
Rental income from investment properties	798	875
Others	395	(1,313)
	<u>11,820</u>	<u>(151)</u>

6 Investment in an associate

The investment in an associate represents a 34.48% (2016: 34.48%) holding in Autoline Industrial Parks Limited, an entity registered in India. The investment in Autoline Industrial Parks Limited is treated as an investment in an associate and recorded as an equity accounted investee. The entity has not yet commenced commercial operations.

7 Available for sale investments

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)
<i>Equity and debt securities</i>			
<i>Quoted:</i>			
- UAE	149,960	151,253	173,984
- Outside UAE	39,773	44,585	34,142
<i>Unquoted</i>			
- UAE	5,100	5,100	4,345
- Outside UAE	32,094	32,011	49,583
Total available for sale investments	<u>226,927</u>	<u>232,949</u>	<u>262,054</u>

Sharjah Cement Industrial Development Co. (PJSC)

Notes to the condensed interim financial information (continued)
for the three month period ended 31 March 2017 (unaudited)

7 Available for sale investments (continued)

Movements in the available for sale investments were as follows:

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)
Opening	232,949	278,653	278,653
Purchase during the period/year	13,528	25,464	741
Change in fair value	(1,977)	(5,120)	(9,388)
Disposals during the year	(17,573)	(64,548)	(7,952)
Impairment loss – unquoted shares	-	(1,500)	-
	<u>226,927</u>	<u>232,949</u>	<u>262,054</u>

8 Investment properties

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)
Land	87,717	87,717	87,717
Building	23,896	24,386	25,889
Total	<u>111,613</u>	<u>112,103</u>	<u>113,606</u>

9 Cash in hand and at bank

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)
Cash in hand and at bank	<u>62,824</u>	<u>46,891</u>	<u>59,378</u>

Cash in hand and at bank includes AED 4.84 million (31 December 2016: AED 4.15 million and 31 March 2016: AED 11.20 million) held outside UAE.

10 Share capital

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)
Authorised, issued and paid up 552,957,951 shares of AED 1 each	<u>552,958</u>	<u>552,958</u>	<u>552,958</u>

Sharjah Cement Industrial Development Co. (PJSC)

Notes to the condensed interim financial information (continued)
for the three month period ended 31 March 2017 (unaudited)

11 Statutory reserve

In accordance with Article 239 of the UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, a minimum of 10% of the net profit of the Company is allocated every year to a non-distributable statutory reserve. Such allocation may be ceased when the statutory reserve equals half of the paid up share capital of the Company. This reserve is not available for distribution except in circumstances stipulated by the law.

12 General reserve

As per Company's Articles of Association, 10% of the profit for the year has to be transferred to general reserve until the reserve reaches 25% of the paid up share capital. This reserve is available for distribution at the recommendation of the directors and approval of shareholders in an ordinary general meeting.

13 Cumulative changes in fair value of available for sale investments

	31 March 2017 AED'000 (Unaudited)	31 December 2016 AED'000 (Audited)	31 March 2016 AED'000 (Unaudited)
<i>Available for sale investments</i>			
At 1 January	42,686	52,880	52,880
Less: decrease in fair value during the period/year	(1,977)	(5,120)	(9,388)
Less: realised (gain)/loss during the period/year transferred to profit or loss	(5,677)	(14,424)	1,161
Less: impairment loss recognised in profit or loss	-	9,350	-
	<u>35,032</u>	<u>42,686</u>	<u>44,653</u>

14 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding as at 31 March 2017, calculated as follows:

	Three month period ended 31 March	
	2017 AED'000 Unaudited	2016 AED'000 Unaudited
Earnings per share		
Net profit for the period	<u>11,645</u>	<u>11,379</u>
Weighted average number of shares	<u>552,958</u>	<u>552,958</u>
Basic and diluted earnings per share (AED)	<u>0.021</u>	<u>0.021</u>

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

Sharjah Cement Industrial Development Co. (PJSC)

Notes to the condensed interim financial information (continued)
for the three month period ended 31 March 2017 (unaudited)

15 Contingent liabilities and commitments

As at 31 March 2017, the Company has issued guarantees relating to performance bonds amounting to AED 2.87 million (31 December 2016: AED 2.94 million), from which it is anticipated that no material liabilities will arise.

Estimated capital expenditure commitment at the statement of financial position date amounted to AED 6.80 million (31 December 2016: AED Nil).

The Company also has commitments for AED 5.96 million (31 December 2016: AED 5.86 million) on account of investments made in securities and funds. The Company has to pay as and when calls are made by the fund managers/investee companies.

16 Proposed dividend

At the Annual General Meeting held on 15 April 2017, the shareholders approved cash dividend of AED 44.24 million at AED 0.08 per share of AED 1 each, as proposed by the Board of Directors, in respect of year ended 31 December 2016.

17 Segment reporting

The Company has broadly two major reportable segments as described below, which are the Company's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Company's reportable segments:

Manufacturing segment includes cement, paper sacks and ropes products.

Investment segment includes investment and cash management for the Company's own account.

Investment segment is organised into two business units as follows:

- Investment and letting out properties in UAE.
- Investment in public and private equities and funds, mainly in GCC and Asia.

The above segments are the basis on which the management monitors the operating results of these segments for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are eliminated on consolidation.

Sharjah Cement Industrial Development Co. (PJSC)

Notes to the condensed interim financial information (continued)
for the three month period ended 31 March 2017 (unaudited)

17 Segment reporting (continued)

	31 March 2017 AED'000	31 March 2016 AED'000
Manufacturing		
Sales	165,348	174,213
Cost of sales	(159,291)	(156,160)
Gross profit	6,057	18,053
Miscellaneous income	1,231	630
Expenses	(2,833)	(2,001)
Net segment results	4,455	16,682
Investment		
Income from investment in private and public equities and funds	11,008	147
Interest income	12	106
Other expenses	-	(1,279)
	11,020	(1,026)
Income from investment properties	1,290	1,371
Depreciation	(490)	(496)
	800	875
Net segment results	11,820	(151)
Finance costs	(2,266)	(2,734)
Unallocated income and expenses-Head office	(2,336)	(2,417)
Unrealised profit on inventories	(28)	(1)
Profit for the period	11,645	11,379

Other information

	31 March 2017			31 December 2016		
	Manufacturing AED'000	Investment AED'000	Total AED'000	Manufacturing AED'000	Investment AED'000	Total AED'000
Segment assets	1,365,810	415,381	1,781,191	1,367,957	423,702	1,791,659
Segment liabilities	372,387	-	372,387	386,842	4	386,846
Depreciation	13,592	490	14,082	52,085	1,999	54,084
Capital expenditure	1,569	-	1,569	63,079	-	63,079

Sharjah Cement Industrial Development Co. (PJSC)

Notes to the condensed interim financial information (continued)
for the three month period ended 31 March 2017 (unaudited)

17 Segment reporting (continued)

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 31 March 2017 and 31 March 2016.

	31 March 2017			31 March 2016		
	Domestic AED'000	International AED'000	Total AED'000	Domestic AED'000	International AED'000	Total AED'000
Revenue	125,592	39,756	165,348	134,467	39,746	174,213
Investment income	9,407	2,413	11,820	2,728	(2,879)	(151)
	31 March 2017			31 December 2016		
	Domestic AED'000	International AED'000	Total AED'000	Domestic AED'000	International AED'000	Total AED'000
Assets	1,616,378	164,813	1,781,191	1,635,071	156,588	1,791,659
Liabilities	287,292	85,095	372,387	332,945	53,901	386,846
Capital expenditure	1,569	-	1,569	63,079	-	63,079

18 Subsequent event

At the Annual General Meeting held on 15 April 2017, in respect of the investment in an associate, the board of directors has approved and communicated to shareholders, the joint development of the land held by an associate along with its Indian partner and a leading developer in India after tax and legal advice from prominent experts in India.

