Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

Condensed consolidated interim financial statements

30 June 2019

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Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Statements

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

Introduction

We have reviewed the accompanying 30 June 2019 condensed consolidated interim financial statements of Sharjah Cement and Industrial Development Co. (PJSC) ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprise:

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

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with *IAS 34, 'Interim Financial Reporting'*. Our responsibility is to express a conclusion on these condensed consolidated 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 the interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2019 are not prepared, in all material respects, in accordance with *IAS 34, 'Interim Financial Reporting'*.

KPMG Lower Gulf Limited

03 AUG 2019

Emilio Pera
Registration No.: 1146
Sharjah, United Arab Emirates
Date:

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

Condensed consolidated income statement

for the three month and six month periods ended 30 June 2019 (unaudited)

		Three month period ended 30 June		Six month period ended 30 June	
	Note	**2019 AED'000**	2018 AED'000	**2019 AED'000**	2018 AED'000
Revenue	*17*	**138,316**	145,816	**291,430**	318,481
Cost of sales	*17*	**(132,902)**	(136,729)	**(286,890)**	(299,654)
Gross profit		**5,414**	9,087	**4,540**	18,827
Administrative and general expenses		**(3,968)**	(4,132)	**(7,852)**	(8,332)
Selling and distribution expenses		**(1,116)**	(1,929)	**(2,368)**	(3,569)
Investment income	*5*	**3,415**	3,803	**11,854**	13,339
Finance expenses		**(2,341)**	(2,615)	**(4,534)**	(4,345)
Other income		**343**	160	**909**	632
Profit for the period		**1,747**	4,374	**2,549**	16,552
Profit attributable to:					
Owners of the Company		**1,747**	4,374	**2,549**	16,552
Earnings per share					
Basic and diluted earnings per share (AED)	*14*	**0.003**	0.007	**0.004**	0.027

The notes on pages 9 to 19 are an integral part of these condensed consolidated interim financial statements.

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

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

Condensed consolidated statement of profit or loss and other comprehensive income
for the three month and six month periods ended 30 June 2019 (unaudited)

		Three month period ended 30 June		Six month period ended 30 June	
	Note	**2019 AED'000**	2018 AED'000	**2019 AED'000**	2018 AED'000
Profit for the period		**1,747**	4,374	**2,549**	16,552
Other comprehensive income for the period					
Items that will not be reclassified to profit or loss:					
Investments carried at FVTOCI - net change in fair value	*7.1*	**2,568**	(1,938)	**1,720**	(11,918)
Other comprehensive income/(loss) for the period		**2,568**	(1,938)	**1,720**	(11,918)
Total comprehensive income for the period		**4,315**	2,436	**4,269**	4,634
Total comprehensive income attributable to:					
Owners of the Company		**4,315**	2,436	**4,269**	4,634

The notes set out on pages 9 to 19 form an integral part of these condensed consolidated interim financial statements.

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

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

Condensed consolidated statement of financial position

as at 30 June 2019

	Note	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Assets				
Non-current assets				
Property, plant and equipment		**1,015,938**	982,075	912,600
Investment properties	*8*	**234,703**	190,207	145,849
Investment in an associate	*6*	-	-	42,125
Investments carried at FVTOCI	*7.1*	**167,469**	166,791	192,530
Long term receivables		**12,128**	-	-
		1,430,238	1,339,073	1,293,104
Current assets				
Inventories		**337,374**	315,825	275,205
Trade and other receivables		**262,274**	273,325	268,928
Investments carried at FVTPL	*7.2*	**25,217**	20,904	51,919
Cash in hand and at bank	*9*	**43,914**	60,536	51,329
Assets held for sale	*6*	**22,508**	22,508	-
		691,287	693,098	647,381
Current liabilities				
Trade and other payables		**156,426**	140,694	119,077
Short term borrowings	*10*	**395,229**	258,205	263,647
		551,655	398,899	382,724
Net current assets		**139,632**	294,199	264,657
Non-current liabilities				
Long term borrowings	*10*	**(134,020)**	(162,691)	(99,559)
Provision for staff terminal benefits		**(28,333)**	(27,797)	(26,177)
Net assets		**1,407,517**	1,442,784	1,432,025
Represented by				
Share capital	*11*	**608,254**	608,254	608,254
Statutory reserve	*12*	**334,091**	334,091	334,091
General reserve	*13*	**226,373**	226,373	226,373
Proposed dividend	*16*	-	39,536	-
Fair value reserve	*7.1*	**14,889**	13,996	19,599
Retained earnings		**223,910**	220,534	243,708
		1,407,517	1,442,784	1,432,025

The notes on pages 9 to 19 are an integral part of these condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were approved by the Board of Directors, and authorised for issue on 3rd August 2019 and signed on their behalf by:

Vice Chairman

Chief Executive

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

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

Condensed consolidated statement of cash flows

for the six month period ended 30 June 2019 (unaudited)

	30 June 2019 AED'000	30 June 2018 AED'000
Operating activities		
Profit for the period	**2,549**	16,552
Adjustments for:		
Depreciation on property, plant and equipment	**29,926**	27,823
Depreciation on investment properties	**1,304**	1,327
Provision for staff terminal benefits	**1,119**	1,052
Gain on disposal of property, plant and equipment	**(32)**	(9)
Net gain on disposal of investments carried at FVTPL	**(725)**	(128)
Gain on change in fair value of investments carried at FVTPL	**(3,280)**	(1,926)
Rental income from investment properties	**(956)**	(1,698)
Dividend income	**(5,857)**	(9,389)
Interest expense	**4,480**	4,345
	28,528	37,949
Changes in:		
- inventories	**(21,549)**	(6,050)
- trade and other receivables	**(1,077)**	(63,145)
- trade and other payables	**15,732**	(2,850)
Staff terminal benefits paid	**(583)**	(657)
Net cash from/(used in) operating activities	**21,051**	(34,753)
Investing activities		
Acquisition of property, plant and equipment (including advances)	**(63,788)**	(78,643)
Additions to investment properties	**(45,801)**	-
Proceeds from disposal of property, plant and equipment	**32**	9
Purchase of investments carried at FVTOCI	**(2,091)**	(14,038)
Proceeds from disposal investments carried at FVTOCI	**3,133**	3,498
Dividend income	**5,857**	9,389
Rental income from investment properties	**956**	1,698
Purchase of investment carried at FVTPL	**(2,951)**	(2,946)
Proceeds from disposal of investments carried at FVTPL	**2,643**	16,314
Net cash used in investing activities	**(102,010)**	(64,719)
Financing activities		
Net movement in borrowings	**108,353**	151,782
Dividend paid	**(39,536)**	(48,660)
Interest paid	**(4,480)**	(4,345)
Net cash from financing activities	**64,337**	98,777
Net decrease in cash and cash equivalents	**(16,622)**	(695)
Cash and cash equivalents at the beginning of the period	**60,536**	52,024
Cash and cash equivalents at the end of the period	**43,914**	51,329
Cash and cash equivalents comprise:		
Cash in hand and at bank (refer note 9)	**43,914**	51,329

The notes on pages 9 to 19 are an integral part of these condensed consolidated interim financial statements.

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

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

Condensed consolidated statement of changes in equity

for the six month period ended 30 June 2018

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Proposed dividend AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2018 – as previously reported	608,254	334,091	226,373	48,660	40,580	218,093	1,476,051
Adjustment on initial application of IFRS 9	-	-	-	-	(8,588)	8,588	-
Adjusted balance at 1 January 2018	608,254	334,091	226,373	48,660	31,992	226,681	1,476,051
Total comprehensive income for the period (unaudited)							
Profit for the period	-	-	-	-	-	16,552	16,552
Other comprehensive income for the period	-	-	-	-	(11,918)	-	(11,918)
Total comprehensive income for the period (unaudited)	-	-	-	-	(11,918)	16,552	4,634
Other equity movement							
Transfer of fair value reserve to retained earnings on disposal of investments carried at FVTOCI (refer note 7.1)	-	-	-	-	(475)	475	-
Total other equity movement	-	-	-	-	(475)	475	-
Transactions with owners of the Company (unaudited)							
Dividend declared (refer note 16)	-	-	-	(48,660)	-	-	(48,660)
Total transactions with owners of the Company	-	-	-	(48,660)	-	-	(48,660)
Balance at 30 June 2018 (unaudited)	608,254	334,091	226,373	-	19,599	243,708	1,432,025

Sharjah Cement and Industrial Development Co. (PJSC) and its subsidiary

Condensed consolidated statement of changes in equity *(continued)*

for the six month period ended 30 June 2019

	Share capital AED'000	Statutory reserve AED'000	General reserve AED'000	Proposed dividend AED'000	Fair value reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at 1 January 2019 (audited)	**608,254**	**334,091**	**226,373**	**39,536**	**13,996**	**220,534**	**1,442,784**
Total comprehensive income for the period (unaudited)							
Profit for the period	-	-	-	-	-	2,549	2,549
Other comprehensive income for the period	-	-	-	-	1,720	-	1,720
Total comprehensive income for the period	-	-	-	-	1,720	2,549	4,269
Other equity movement (unaudited)							
Transfer of fair value reserve to retained earnings on disposal of investments carried at FVTOCI (refer note 7.1)	-	-	-	-	(827)	827	-
Total other equity movement	-	-	-	-	(827)	827	-
Transactions with owners of the Company (unaudited)							
Dividend declared (refer note 16)	-	-	-	(39,536)	-	-	(39,536)
Total transactions with owners of the Company	-	-	-	(39,536)	-	-	(39,536)
Balance at 30 June 2019 (unaudited)	**608,254**	**334,091**	**226,373**	**-**	**14,889**	**223,910**	**1,407,517**

The notes set out on pages 9 to 19 are an integral part of these condensed consolidated interim financial statements.

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 registered office of the Company is P.O. Box 2083 Sharjah, United Arab Emirates. The shares of the Company are listed on Abu Dhabi Securities Market and Kuwait Stock Exchange.

The condensed consolidated interim financial statements ('interim financial statements') as at and for the six month period ended 30 June 2019 comprises the financial statements of the Company and its subsidiary (collectively referred to as "the Group").

The Group is engaged in the manufacture and supply of cement, paper sacks and plastic ropes. The Group invests its surplus funds in investment securities, private equities and properties. The Group operates from Sharjah, United Arab Emirates and sells its products in the UAE and certain other countries in the Middle East, Africa and Asia.

2 Basis of preparation

Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2018 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's consolidated financial position and performance since the last annual consolidated financial statements.

Basis of measurement

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

Functional and presentation currency

These interim condensed consolidated financial statements are presented in United Arab Emirates Dirham ("AED"), rounded to nearest thousand except when otherwise indicated, which is the Company's functional currency.

Accounting estimates and judgments

In preparing these interim condensed consolidated financial statements, management has made judgments and estimates 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.

2 Basis of preparation *(continued)*

Accounting estimates and judgments *(continued)*

The significant judgments made by the management in applying the Group's accounting policies and the key source of estimation uncertainty were the same as those described in the last annual consolidated financial statements, except for new significant judgments related to lease accounting under IFRS 16, which are described in note 4.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a management team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The management team regularly reviews significant unobservable inputs and valuation adjustments.

If third party information is used to measure fair values, then the management team 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 liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in 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 liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized 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 Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the significant assumptions made in measuring fair values are explained in Group's consolidated financial statements as at and for the year ended 31 December 2018.

3 Significant accounting policies

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2018, except for change in accounting policy related to the application of IFRS 16, which is described in Note 4.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2019.

4 Changes in significant accounting policies

The Group has initially adopted IFRS 16 *Leases* from 1 January 2019. A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's consolidated financial statements.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

4a Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease.* The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non lease components as a single lease component.

4b As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

4c As a lessor

The Group leases out its investment property, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under IAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. However, the Group has applied IFRS 15 *Revenue from Contracts with Customers* to allocate consideration in the contract to each lease and non-lease component.

Based on management's assessment, the application of IFRS 16 – *Leases* does not have a material impact on the condensed consolidated interim financial statements as a lessor or as a lessee and hence, the Group did not make any adjustments in this regard.

5 Investment income

	Three month period ended 30 June		**Six month period ended 30 June**	
	2019	2018	**2019**	2018
	AED'000 (Unaudited)	AED'000 (Unaudited)	**AED'000 (Unaudited)**	AED'000 (Unaudited)
Gain on change of fair value of investments carried at FVTPL (refer note 7.2)	**1,027**	(1,812)	**3,280**	1,926
Net gain on disposal of investments carried at FVTPL (refer note 7.2)	**4**	93	**725**	128
Rental income from investment properties	**449**	649	**956**	1,698
Dividend income	**1,457**	4,873	**5,857**	9,389
Others	**478**	-	**1,036**	198
	3,415	3,803	**11,854**	13,339

6 Asset held for sale/Investment in an associate

During 2018, the investment in an associate represents holding in Autoline Industrial Parks Limited ('AIPL'), an entity registered in India was recorded as an equity accounted investee.

During the previous year, the management resolved to divest the investment in AIPL within next twelve months and accordingly classified the investment as held for sale. In December 2018, the Group divested 50% of the investment in AIPL for a total gross consideration of AED 39.08 million which is receivable over 33 months. The net consideration after discounting and deduction of the expected cost to sell is AED 28.4 million resulting in a gain of AED 5.9 million.

Management is currently in active discussion with few potential buyers to sell the remaining investment. In view of the recent sale transaction of part of the investment, management is of the view that fair value less cost to sell is not expected to be lower than the carrying value.

7 Investments

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Investments carried at FVTOCI			
Investment in quoted securities	**134,435**	132,960	159,234
Investment in unquoted securities	**33,034**	33,831	33,296
(i) (refer note 7.1 below)	**167,469**	166,791	192,530
Investments carried at FVTPL			
Investment in quoted securities	**25,217**	20,904	51,919
(ii) (refer note 7.2 below)	**25,217**	20,904	51,919
(i) + (ii)	**192,686**	187,695	244,449
Quoted:			
UAE	**128,608**	125,149	151,096
Outside UAE	**31,044**	28,715	60,057
Unquoted:			
UAE	**5,100**	5,100	5,100
Outside UAE	**27,934**	28,731	28,196
	192,686	187,695	244,449

7.1 Investments carried at FVTOCI

Movements in investments were as follows:

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Opening balance	**166,791**	247,938	247,938
Purchase during the period/year	**2,091**	16,416	14,038
Change in fair value	**1,720**	(11,984)	(11,918)
Reclassification to investment carried at FVTPL	**-**	(54,030)	(54,030)
Disposals during the period/year	**(3,133)**	(31,549)	(3,498)
Closing balance	**167,469**	166,791	192,530

7.1 Investments carried at FVTOCI *(continued)*

Cumulative changes in fair value of investments carried at FVTOCI

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Opening balance	**13,996**	40,580	40,580
Net change in fair value during the period/year	**1,720**	(11,984)	(11,918)
Less: transferred to retained earnings upon disposal	**(827)**	(6,012)	(475)
Less: transfer to retained earnings upon initial adoption of IFRS 9	**-**	(8,588)	(8,588)
Closing balance	**14,889**	13,996	19,599

7.2 Investments carried at FVTPL

Movement during the period/year as follows:

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Opening balance	**20,904**	9,203	9,203
Purchase during the period/year	**2,951**	5,781	2,946
Net change in fair value (refer note 5)	**3,280**	(4,428)	1,926
Gain on disposal of investments carried at FVTPL (refer note 5)	**725**	8,091	128
Reclassification from investments carried at FVTOCI	**-**	54,030	54,030
Disposals during the period/year	**(2,643)**	(51,773)	(16,314)
Closing balance	**25,217**	20,904	51,919

7.3 Other information

As at 30 June 2019, the Group does not have any investments in or other exposure to Abraaj Group or any of the funds managed by Abraaj Group *(31 December 2018: Nil)*.

8 Investment properties

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Land	**96,767**	96,767	96,767
Buildings	**35,835**	37,140	36,609
Properties under development	**102,101**	56,300	12,473
Total	**234,703**	190,207	145,849

9 Cash in hand and at bank

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Cash in hand and at bank	**43,914**	60,536	51,329

Cash in hand and at bank includes AED 4.5 million *(31 December 2018: AED 4.4 million and 30 June 2018: AED 5.6 million)* held outside UAE.

10 Bank borrowings

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Long term borrowings:			
Term loans	**246,004**	191,554	110,059
Less: short term portion of term loans	**(111,984)**	(28,863)	(10,500)
Long term portion of loan	**134,020**	162,691	99,559
Short term borrowings:			
Short term loans	**283,245**	229,342	253,147
Current portion of term loans	**111,984**	28,863	10,500
	395,229	258,205	263,647

(i) All facilities bear interest rates at prevailing market rates.

(ii) Demand promissory note for AED 320 million in favour of the bank as a security against the bank facilities.

11 Share capital

	30 June 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)	30 June 2018 AED'000 (Unaudited)
Authorised, issued and paid up			
608,253,747 shares of AED 1 each	**608,254**	608,254	608,254
	======	======	======

12 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. The Board of Directors have not proposed any further transfer to the statutory reserve as the reserve is in excess of 50% of the paid up share capital.

13 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. The Board of Directors have not proposed any further transfer to the general reserve as the reserve is in excess of 25% of the paid up share capital.

14 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Group and the weighted average number of ordinary shares outstanding as at 30 June 2019, calculated as follows:

	Three month period ended 30 June		**Six month period ended 30 June**	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	**2019 AED'000 (Unaudited)**	2018 AED'000 (Unaudited)
Net profit for the period	**1,747**	4,374	**2,549**	16,552
	====	====	====	=====
Weighted average number of shares outstanding ('000s)	**608,254**	608,254	**608,254**	608,254
	======	======	======	======
Basic and diluted earnings per share (AED)	**0.003**	0.007	**0.004**	0.027
	====	====	====	====

15 Contingent liabilities and commitments

As at 30 June 2019, the Group has issued guarantees relating to performance bonds amounting to AED 3.01 million *(30 June 2018: AED 2.55 million)*, from which it is anticipated that no material liabilities will arise.

Estimated capital expenditure commitment at the reporting date amounted to AED 48.67 million *(30 June 2018: AED 221.76 million)* mainly pertaining to construction of a building in Dubai Sports City.

The Group also has commitments of AED 9.24 million *(30 June 2018: AED 11.35 million)* on account of investments made in securities and funds. The Group has to pay as and when calls are made by the fund managers/investee companies.

16 Dividend

At the Annual General Meeting held on 30 March 2019, the shareholders approved cash dividend of AED 39.5 million *(2018: AED 48.66 million)* at AED 0.065 per share *(2018: AED 0.08 per share)*, as proposed by the Board of Directors, in respect of the year ended 31 December 2018.

17 Segment reporting

The Group has broadly two major reportable segments as described below, which are the Group'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 Group'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.

17 Segment reporting *(continued)*

	Three month period ended 30 June		Six month period ended 30 June	
	2019	2018	**2019**	2018
	AED'000 (Unaudited)	AED'000 (Unaudited)	**AED'000 (Unaudited)**	AED'000 (Unaudited)
Manufacturing				
Revenue	**138,316**	145,816	**291,430**	318,481
Cost of sales	**(132,902)**	(136,729)	**(286,890)**	(299,654)
Gross profit	**5,414**	9,087	**4,540**	18,827
Miscellaneous expenses	**(826)**	(2,299)	**(1,241)**	(3,666)
Expenses	**(2,241)**	(3,120)	**(4,575)**	(5,905)
Net segment results	**2,347**	3,668	**(1,276)**	9,256
Investment				
Income from investment in private and public equities and funds	**2,878**	3,041	**10,760**	11,479
Interest income	**113**	107	**138**	162
	2,991	3,148	**10,898**	11,641
Income from investment properties	**1,258**	1,322	**2,260**	3,025
Depreciation	**(809)**	(667)	**(1,304)**	(1,327)
	449	655	**956**	1,698
Net segment results	**3,440**	3,803	**11,854**	13,339
Finance costs	**(2,341)**	(2,615)	**(4,534)**	(4,345)
Unallocated income and expenses- Head office	**(1,699)**	(482)	**(3,495)**	(1,698)
Profit for the period	**1,747**	4,374	**2,549**	16,552

17 Segment reporting *(continued)*

Other information

	30 June 2019			*31 December 2018*		
	Manufacturing AED'000	***Investment AED'000***	***Total AED'000***	*Manufacturing AED'000*	*Investment AED'000*	*Total AED'000*
Segment assets	**1,653,691**	**467,834**	**2,121,525**	1,598,944	433,227	2,032,171
Segment liabilities	**713,875**	**133**	**714,008**	588,297	1,090	589,387
Depreciation	**29,926**	**1,304**	**31,230**	56,272	2,662	58,934
Capital expenditure	**63,789**	**45,801**	**109,590**	168,850	51,604	220,454

Geographical information

The following table presents revenue, asset and liability information regarding geographic segments for the periods ended 30 June 2019 and 30 June 2018.

	30 June 2019			*30 June 2018*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Revenue	**241,158**	**50,272**	**291,430**	271,337	47,144	318,481
Investment income	**7,712**	**4,142**	**11,854**	9,947	3,392	13,339

	30 June 2019			*31 December 2018*		
	Domestic AED'000	***International AED'000***	***Total AED'000***	*Domestic AED'000*	*International AED'000*	*Total AED'000*
Assets	**1,777,266**	**344,259**	**2,121,525**	1,899,686	132,485	2,032,171
Liabilities	**560,588**	**153,420**	**714,008**	482,053	107,334	589,387
Capital expenditure	**109,590**	**-**	**109,590**	220,454	-	220,454