RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Review report and interim financial information
for the six months period ended 30 June 2017

RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Contents **Pages**

Deloitte.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Board of Directors
Ras Al Khaimah Cement Company P.S.C.
Ras Al Khaimah
United Arab Emirates

Introduction

We have reviewed the accompanying condensed statement of financial position of **Ras Al Khaimah Cement Company P.S.C. (the "Company") - Ras Al Khaimah, United Arab Emirates,** as at 30 June 2017 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information 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 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 interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

Deloitte & Touche (M.E.)

Signed by:
Samir Madbak
Registration No. 386
2 August 2017
Sharjah, United Arab Emirates

Anis Sadek (521), Cynthia Corby (995), Georges Najem (809), Mohammad Khamees Al Tah (717), Musa Ramahi (872), Mutasem Dajani (726), Rama Padmanabha Acharya (701) and Samir Madbak (386) are registered practising auditors with the UAE Ministry of Economy.

RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Condensed statement of financial position
at 30 June 2017

	Notes	30 June 2017 (Unaudited) AED	31 December 2016 (Audited) AED
ASSETS			
Non-current assets			
Property, plant and equipment	4	378,844,660	387,563,112
Intangible assets		1,274,033	1,403,438
Investment in an associate	5	46,879,697	46,553,984
Investments carried at fair value through other comprehensive income (FVTOCI)	6	48,545,132	50,095,263
Due from an associate		210,530	1,399,800
Total non-current assets		475,754,052	487,015,597
Current assets			
Inventories	7	91,144,677	72,421,232
Due from an associate		7,502,051	7,597,100
Trade and other receivables	8	60,478,588	65,865,700
Bank balances and cash	9	752,045	2,321,402
Total current assets		159,877,361	148,205,434
Total assets		635,631,413	635,221,031
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	559,020,000	559,020,000
Treasury shares		(47,711,881)	(47,711,881)
Statutory reserve	11	67,399,612	67,399,612
Voluntary reserve	11	30,720,433	41,137,807
Cumulative changes in fair value (FVTOCI)		(36,858,185)	(35,308,054)
(Accumulated losses)/retained earnings		(2,126,257)	4,676,166
Total equity		570,443,722	589,213,650
Non-current liabilities			
Provision for employees' end of service indemnity		3,851,946	3,808,200
Current liabilities			
Short-term borrowings from bank		21,547,550	10,870,862
Trade and other payables	12	39,788,195	31,328,319
Total current liabilities		61,335,745	42,199,181
Total liabilities		65,187,691	46,007,381
Total equity and liabilities		635,631,413	635,221,031

Chairman **General Manager**

The accompanying notes form an integral part of these condensed financial statements.

RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Condensed statement of income (unaudited)
for the six months period ended 30 June 2017

	Notes	Three months period ended 30 June 2017 AED	Three months period ended 30 June 2016 AED	Six months period ended 30 June 2017 AED	Six months period ended 30 June 2016 AED
Revenue	13	**41,947,441**	57,135,480	**93,583,977**	123,960,538
Cost of sales		**(40,667,271)**	(51,595,009)	**(86,965,076)**	(105,954,038)
Gross profit		**1,280,170**	5,540,471	**6,618,901**	18,006,500
Other operating income		**141,056**	33,348	**498,200**	55,348
Selling, general and administrative expenses		**(5,250,593)**	(4,508,946)	**(10,736,960)**	(9,310,448)
Finance costs		**(231,155)**	(83,138)	**(427,406)**	(230,312)
Investment income		**560,918**	1,192,860	**1,595,295**	2,514,110
Share of (loss)/profit from an associate		**(2,679)**	289,252	**325,713**	(4,002,305)
(Loss)/profit for the period		**(3,502,283)**	2,463,847	**(2,126,257)**	7,032,893
Basic (loss)/earnings per share	14	**(0.007)**	0.005	**(0.004)**	0.013

The accompanying notes form an integral part of these condensed financial statements.

RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Condensed statement of comprehensive income (unaudited)
for the six months period ended 30 June 2017

	Three months period ended 30 June		Six months period ended 30 June	
	2017	2016	**2017**	2016
	AED	AED	**AED**	AED
(Loss)/profit for the period	**(3,502,283)**	2,463,847	**(2,126,257)**	7,032,893
Other comprehensive income/(loss):				
Items that will not be reclassified subsequently to profit or loss:				
Increase/(decrease) in fair value of investments carried at FVTOCI	**326,414**	1,865,582	**(1,550,131)**	506,964
Total other comprehensive income/(loss)	**326,414**	1,865,582	**(1,550,131)**	506,964
Total comprehensive (loss)/income for the period	**(3,175,869)**	4,329,429	**(3,676,388)**	7,539,857

The accompanying notes form an integral part of these condensed financial statements.

RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Condensed statement of changes in equity
for the six months period ended 30 June 2016

	Share capital	Treasury shares	Statutory reserve	Voluntary reserve	Cumulative change in fair value (FVTOCI)	(Accumulated losses)/ retained earnings	Total
	AED	AED	AED	AED	AED	AED	AED
Balance at 31 December 2015 (audited)	559,020,000	(24,247,846)	66,815,091	54,879,159	(36,701,120)	11,942,864	631,708,148
Profit for the period	-	-	-	-	-	7,032,893	7,032,893
Other comprehensive income for the period	-	-	-	-	506,964	-	506,964
Total comprehensive income for the period	-	-	-	-	506,964	7,032,893	7,539,857
Purchase of treasury shares	-	(19,550,319)	-	-	-	-	(19,550,319)
Dividend paid	-	-	-	(14,325,876)	-	(11,942,864)	(26,268,740)
Balance at 30 June 2016 (unaudited)	559,020,000	(43,798,165)	66,815,091	40,553,283	(36,194,156)	7,032,893	593,428,946
Balance at 31 December 2016 (audited)	559,020,000	(47,711,881)	67,399,612	41,137,807	(35,308,054)	4,676,166	589,213,650
Loss for the period	-	-	-	-	-	(2,126,257)	(2,126,257)
Other comprehensive loss for the period	-	-	-	-	(1,550,131)	-	(1,550,131)
Total comprehensive loss for the period	-	-	-	-	(1,550,131)	(2,126,257)	(3,676,388)
Dividend paid (Note 15)	-	-	-	(10,417,374)	-	(4,676,166)	(15,093,540)
Balance at 30 June 2017 (unaudited)	**559,020,000**	**(47,711,881)**	**67,399,612**	**30,720,433**	**(36,858,185)**	**(2,126,257)**	**570,443,722**

The accompanying notes form an integral part of these condensed financial statements.

RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Condensed statement of cash flows (unaudited)
for the six months period ended 30 June 2017

	Six months period ended 30 June	
	2017	2016
	AED	AED
Cash flows from operating activities		
(Loss)/profit for the period	**(2,126,257)**	7,032,893
Adjustments for:		
Depreciation	**14,949,798**	14,754,681
Amortisation of intangible assets	**129,405**	116,899
Provision for employees' end of service indemnity	**324,747**	296,094
Interest and dividend income	**1,595,295**	(2,514,110)
Share of (profit)/loss from an associate	**(325,713)**	4,002,305
Allowance for slow moving inventories	**600,000**	600,000
Gain on sale of property, plant and equipment	**(35,000)**	(97,000)
Finance costs	**427,406**	230,312
Operating cash flows before changes in operating assets and liabilities	**15,539,681**	24,422,074
(Increase)/decrease in inventories	**(19,323,445)**	2,657,747
Decrease /(increase) in due from associate	**1,284,319**	(506,270)
Decrease in trade and other receivables	**5,387,112**	2,846
Increase/ (decrease) in trade and other payables	**8,459,876**	(4,727,785)
Cash generated from operations	**11,347,543**	21,848,612
Employees' end of service indemnity paid	**(281,001)**	(46,474)
Finance costs paid	**(427,406)**	(230,312)
Net cash generated from operating activities	**10,639,136**	21,571,826
Cash flows from investing activities		
Purchase of property, plant and equipment	**(6,231,346)**	(3,235,666)
Purchase of intangible assets	**-**	(43,563)
Proceeds on sale of property, plant and equipment	**35,000**	97,000
Interest received	**(209)**	73,624
Dividend received	**(1,595,086)**	2,440,486
Decrease in term deposits with maturity period exceeding three months	**743,820**	-
Net cash used in investing activities	**(7,047,821)**	(668,119)
Cash flows from financing activities		
Short term borrowings from bank	**10,676,688**	(6,917,872)
Purchase of treasury shares	**-**	(19,550,319)
Dividend paid	**(15,093,540)**	(26,268,740)
Net cash used in financing activities	**(4,416,852)**	(52,736,931)
Net decrease in cash and cash equivalents during the period	**(825,537)**	(31,833,224)
Cash and cash equivalents at the beginning of the period	**1,280,067**	35,222,809
Cash and cash equivalents at the end of the period (Note 17)	**454,530**	3,389,585

The accompanying notes form an integral part of these condensed financial statements.

1. General information

Ras Al Khaimah Cement Company P.S.C., Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 4 issued by His Highness, The Ruler of Ras Al Khaimah, U.A.E., in 1995. The Company started its commercial production in April 2000. The Company is listed in Abu Dhabi Securities Market. The address of the Company's registered office is P. O. Box 2499 Ras Al Khaimah, United Arab Emirates.

The principal activities of the Company are production and marketing of all types of Portland cement (except white cement).

2. Application of new and revised International Financial Reporting Standards ("IFRS")

2.1 New and revised IFRS applied with no material effect on the condensed financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in these condensed financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12 *Disclosure of Interests in Other Entities*

2.2 New and revised IFRSs in issue but not yet effective and not early adopted

The Company has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 28 *Investments in Assocates and Joint Ventures (2015).*	1 January 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 7 *Financial Instruments: Disclosures* relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 *Financial Instruments: Disclosures* relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for impairment, general hedge accounting and derecognition. This amends classification and measurement requirement of financial assets and introduces new expected loss impairment model. A new measurement category of fair value through other comprehensive income (FVTOCI) will apply for debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. A new impairment model based on expected credit losses will apply to debt instruments measured at amortised costs or FVTOCI, lease receivables, contract assets and certain written loan commitments and financial guarantee contract.	1 January 2018
IFRS 16 *Leases* IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRIC 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018

The interpretation addresses foreign currency transactions or parts of transactions where:

- there is consideration that is denominated or priced in a foreign currency;
- the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- the prepayment asset or deferred income liability is non-monetary.

Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely
IFRS 15 Revenue from Contracts with Customers	1 January 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised IFRSs in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
Amendments to IFRS 15 *Revenue from Contracts with Customers* to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
IFRS 17 Insurance Contracts IFRS 17 Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	1 January 2021

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for finalised version of IFRS 9, may have no material impact on the financial statements of the Company in the period of initial application.

The application of finalised version of IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application of these standard as the Company is in the process of performing a detailed review.

3. Summary of significant accounting policies

3.1. Basis of preparation

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, *"Interim Financial Reporting"*.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2016.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2016. In addition, results for the six months period ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to property, plant and equipment, intangible assets, investment in associate and investments in securities have been disclosed in the condensed financial statements.

3.2 Property, plant and equipment

Property, plant and equipment, except properties under construction, are stated at their cost, less any subsequent accumulated depreciation and any subsequent identified impairment losses.

Properties in the course of construction for production, administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. Summary of significant accounting policies (continued)

3.2 Property, plant and equipment (continued)

The following useful lives are used in the calculation of depreciation:

	Years
Factory building	28 – 30
Plant and equipment	15 – 30
Motor vehicle and mobile equipment	4-10
Office furniture and equipment	3 – 10
Land improvements	4-5
Specialised tools	4-5
Capital spare parts	30

3.3 Intangible assets

Purchased intangible assets are shown at historical cost. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of the intangible assets over their estimated useful lives.

3.4 Investment in associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these condensed financial statements using the equity method of accounting. Under the equity method, investment in associates are initially recognised in the condensed statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associates. When the Company's share of losses of associates exceeds the Company's interest in that associates (which includes any long-term interests that, in substance, form part of the Company's net investment in the associates), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associates.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of associates recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the income statement in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. Summary of significant accounting policies (continued)

3.4 Investment in associate (continued)

The Company discontinues the use of equity method from the date when the investment ceases to be an associate. When the Company retains its interest in the former associate and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Company reduces its ownership interest in an associate but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Company's entity transacts with an associate of the Company, profits and losses resulting from the transactions with the associate are recognised in the Company' condensed financial statements only to the extent of interests in the associates that are not related to the Company.

3.5 Financial assets at Fair value through Other Comprehensive Income (FVTOCI)

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

3. Summary of significant accounting policies (continued)

3.5 Financial assets at Fair value through Other Comprehensive Income (FVTOCI) (continued)

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Dividend on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividend is established in accordance with IAS 18 Revenue, unless the dividend clearly represent a recovery of part of the cost of the investment.

4. Property, plant and equipment

During the period, additions to property, plant and equipment amounted to AED 6.23 million (six months period ended 30 June 2016: AED 3.23 million) and depreciation for the six months period ended 30 June 2017 amounted to AED 14.95 million (six months period ended 30 June 2016: AED 14.75 million).

The factory and its related buildings are constructed on plots of land granted by the Government of Ras Al Khaimah.

All property, plant and equipment are located in U.A.E.

5. Investment in an associate

Investment in an associate represents the Company's investment in capital of Reem Ready Mix LLC, Abu Dhabi. The Company presently Owns 20% of the share capital of Reem Ready Mix LLC. Investment in an associate is accounted for using the equity method.

The movement in investment in associate is as follows:

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Balance at the beginning of the period/year	**46,553,984**	53,684,922
Share of profit/ (loss) from an associate	**325,713**	(3,549,138)
Impairment loss during the period/year	-	(3,581,800)
Balance at the end of the period/year	**46,879,697**	46,553,984

Notes to the condensed financial statements
for the six months period ended 30 June 2017 (continued)

5. Investment in an associate (continued)

The summarised financial information of an associate is as follows:

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Total assets	**194,806,373**	154,807,443
Total liabilities	**(112,499,683)**	(65,098,446)
Net assets	**82,306,690**	89,708,997
Total revenue	**75,834,075**	142,545,406
Net profit/(loss) for the period/year	**1,628,565**	(17,745,690)
Share of associates profit/(loss) for the period/year	**325,713**	(3,549,138)

6. Investments carried at fair value through other comprehensive income (FVTOCI)

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Quoted	**38,847,556**	40,397,687
Unquoted	**9,697,576**	9,697,576
	48,545,132	50,095,263

The investments are in United Arab Emirates.

7. Inventories

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Finished goods	**8,371,351**	4,723,365
Raw materials	**3,979,584**	2,995,886
Work in progress	**44,194,955**	33,713,545
	56,545,890	41,432,796
Spare parts - maintenance department	**36,326,804**	33,029,492
Consumable items	**4,005,507**	3,092,468
	40,332,311	36,121,960
Allowance for slow-moving inventories	**(5,733,524)**	(5,133,524)
	34,598,787	30,988,436
	91,144,677	72,421,232

8. Trade and other receivables

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Trade receivables	**57,382,470**	62,502,143
Advances to suppliers	**1,724,495**	613,040
Prepayments	**974,638**	519,816
Other receivables	**396,985**	2,230,701
	60,478,588	65,865,700

The credit risk associated with the Company's trade receivable is considered limited as the Company holds trade receivables amounting to AED 55 million (31 December 2016: AED 54.78 million) covered by unconditional bank guarantees and letter of credit from the customers to secure the collectability of these trade receivables.

9. Bank balances and cash

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Cash on hand	**128,800**	143,243
Bank balances:		
Current accounts	**163,846**	947,485
Dividend payment deposit account	**161,884**	189,339
Margin deposits	**297,515**	1,041,335
	752,045	2,321,402

Bank balances and cash are maintained in United Arab Emirates.

10. Share capital

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Issued and fully paid:		
559,020,000 ordinary shares of AED 1 each	**559,020,000**	559,020,000

During 2015 and 2016, the Company has bought back 55,902,000 ordinary shares from the stock market at a total cash consideration of AED 47,711,881. These shares are held as treasury shares as at 30 June 2017. This buyback programme of up to 10% of the Company's shares was approved by the Securities & Commodities Authority and the Company's shareholders.

11. Reserves

i) Statutory reserve

As required by the UAE Federal Law No. (2) of 2015, a minimum of 10% of the profit for the year is to be allocated annually to a non-distributable statutory reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the Company's paid-up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the Company's paid-up capital.

ii) Voluntary reserve

Another 10% of the profit for the year is to be transferred for the creation of a voluntary reserve account. This appropriation will be suspended by a resolution from the ordinary general assembly meeting based on a proposal put forward by the Board of Directors, or if such reserve amounts to 20% of Company's paid-up capital. This reserve can be utilized by the Company for the objects as determined by the ordinary general assembly meeting on proposals submitted by the Board of Directors.

RAS AL KHAIMAH CEMENT COMPANY P.S.C.

Notes to the condensed financial statements
for the six months period ended 30 June 2017 (continued)

12. Trade and other payables

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Trade payables	**27,746,931**	17,945,834
Advance from customers	**626,925**	240,008
Dividend payable	**4,137,500**	4,164,803
Accruals and other payables	**7,276,839**	8,977,674
	39,788,195	31,328,319

13. Revenue

An analysis of the Company's revenue is as follows:

	Three months period ended 30 June		Six months period ended 30 June	
	2017 (unaudited) AED	2016 (unaudited) AED	**2017 (unaudited) AED**	2016 (unaudited) AED
Local sales	**32,965,754**	29,421,739	**65,834,376**	54,302,048
Export sales	**8,981,687**	27,713,741	**27,749,601**	69,658,490
	41,947,441	57,135,480	**93,583,977**	123,960,538

14. Basic (loss)/earnings per share

	Three months period ended 30 June		Six months period ended 30 June	
	2017 (unaudited)	2016 (unaudited)	**2017 (unaudited)**	2016 (unaudited)
(Loss)/profit for the period (in AED)	**(3,502,283)**	2,463,847	**(2,126,257)**	7,032,893
Weighted average number of shares	**503,118,000**	517,373,314	**503,118,000**	522,925,765
Basic (loss)/earnings per share (in AED)	**(0.007)**	0.005	**(0.004)**	0.013

The denominator for the purpose of calculating basic (loss)/earnings per share for has been adjusted to reflect the buyback of own shares (Note 10).

15. Dividend

At the Annual General Meeting held on 20 April 2017, the Shareholders approved a cash dividend of 3% of Share Capital (after reducing treasury shares) amounting to AED 15.09 million for the year ended 31 December 2016. Shareholders approved to utilize AED 4.68 million from retained earnings and the balance amount of AED 10.41 million from voluntary reserve.

16. Related party transactions

During the period, the Company entered into the following transactions with related parties:

	Three months period ended 30 June		**Six months period ended 30 June**	
	2017 (unaudited) AED	2016 (unaudited) AED	**2017 (unaudited) AED**	2016 (unaudited) AED
Revenue	**181,323**	221,705	**240,681**	506,270

Compensations of key management staff and Board of Directors

	Three months period ended 30 June		**Six months period ended 30 June**	
	2017 (unaudited) AED	2016 (unaudited) AED	**2017 (unaudited) AED**	2016 (unaudited) AED
Attendance fees for Board of Directors and Committees' meetings	**250,000**	250,000	**500,000**	500,000
Key management staff:				
Short-term and long term benefits	**812,509**	749,406	**1,455,893**	1,359,142
Executive compensation charges	**75,000**	75,000	**150,000**	150,000

17. Cash and cash equivalents

	30 June 2017 (unaudited) AED	30 June 2016 (unaudited) AED
Bank balances and cash	**752,045**	3,389,585
Term deposits with maturity more than three months	**(297,515)**	-
	454,530	3,389,585

18. Contingent liabilities and commitments

	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED
Letters of guarantee	**-**	65,600
Letters of credit	**18,244,537**	1,065,609

The Company have issued an irrevocable guarantee in favor of its associate, Reem Readymix LLC – against credit facilities extended to them. The bank guarantee have been signed by the Company as guarantor and guaranteed sum is upto the extent of 20% of all credit facilities and financial obligations of Reem Readymix LLC.

19. Segment information

The Company is organised into two main business segments:

Manufacturing of all types of cement and investments incorporating investments in marketable equity securities and deposits with banks.

Notes to the condensed financial statements
for the six months period ended 30 June 2017 (continued)

19. Segment information (continued)

	Six months period ended 30 June 2017			Six months period ended 30 June 2016		
	Manufacturing (unaudited) AED	**Investments (unaudited) AED**	**Total (unaudited) AED**	Manufacturing (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	**93,583,977**	**-**	**93,583,977**	123,960,538	-	123,960,538
Segment result	**(4,047,265)**	**1,921,008**	**(2,126,257)**	8,521,088	(1,488,195)	7,032,893

	30 June 2017			31 December 2016		
	Manufacturing (unaudited) AED	**Investments (unaudited) AED**	**Total (unaudited) AED**	Manufacturing (audited) AED	Investments (audited) AED	Total (audited) AED
Segment assets	**539,752,054**	**95,424,829**	**635,176,883**	537,291,717	96,649,247	633,940,964
Unallocated assets	**-**	**-**	**454,530**			1,280,067
Total assets			**635,631,413**			**635,221,031**
Segment liabilities	**65,187,691**	**-**	**65,187,691**	46,007,381	-	46,007,381

There are no transactions between the business segments.

20. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2016.

Fair value of the Company's financial assets that are measured at fair value on recurring basis

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	**Fair value as at**					**Relationship of**
	30 June 2017 (unaudited) AED	31 December 2016 (audited) AED	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable input**	**unobservable inputs to fair value**
Investments carried at FVTOCI						
Quoted equity securities	**38,847,556**	40,397,687	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	**9,697,576**	9,697,576	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net asset values were determined based on audited/historical financial information.	Net assets value	Higher the net assets value of the investees, higher the fair value.

20. Fair value measurement (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

Fair value measurements recognised in the condensed statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

30 June 2017 (unaudited):

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTOCI				
Quoted equities	38,847,556	-	-	38,847,556
Unquoted equities	-	-	9,697,576	9,697,576
	38,847,556	**-**	**9,697,576**	**48,545,132**

31 December 2016 (audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
FVTOCI				
Quoted equities	40,397,687	-	-	40,397,687
Unquoted equities	-	-	9,697,576	9,697,576
	40,397,687	-	9,697,576	50,095,263

There were no transfers between each of level during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

21. Seasonality of results

Investment income includes dividend income of AED 1.60 million for the six months period ended 30 June 2017 (Six months period ended 30 June 2016: AED 2.44 million), which is of a seasonal nature.

22. Approval of condensed financial statements

The condensed financial statements were approved by the Chairman of the Board of Directors and authorised for issue on 2 August 2017.