Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C.

Interim condensed consolidated financial information (Unaudited)
For the six-months period ended 30 June 2020

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Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C.

Directors' report for the year ended 30 June 2020

The Directors submit their report together with the reviewed interim condensed consolidated financial statements of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its subsidiaries for the period ended 30 June 2020.

Incorporation and registered office

Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C., Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 13/18 dated 2 October 1981 issued by His Highness the Ruler of Ras Al Khaimah. The address of the Company's registered office is P.O. Box 1492, Ras Al Khaimah, United Arab Emirates.

The "Group" comprises Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its subsidiaries:

Name of subsidiary	Proportion of ownership interest	Country of incorporation	Principal activities
Modern Block Factory Establishment	100%	U.A.E.	Manufacturing of concrete blocks, interlock tiles and cement products.
Ras Al Khaimah Lime Co. Noora LLC	100%	U.A.E.	Manufacturing of lime products.

The principal activities of the Group are manufacturing and supply of white cement, lime products and cement products and investing, establishing and managing relevant activities.

Results and appropriation

The results of the Group for the period ended 30 June 2020 are set out in the attached interim condensed consolidated financial statements.

Dividends

At the annual general meeting held on 21 June 2020, the Shareholders didn't approve any cash dividend to the shareholders in respect of the year ended 31 December 2019 and it has approved the board of directors' remuneration by an amount of AED 1.2 million.
At the annual general meeting held on 20 April 2019, the Shareholders approved a cash dividend of 5% from share capital amounting to AED 25.01 million representing 5 Fils per share in respect of the year ended 31 December 2018 and it has approved the board of directors' remuneration by an amount of AED 1.04 million.

On behalf of the Board

12 August 2020

Chairman of the Audit Committee

Acting General Manager

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An instinct for growth™

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Report on review of the interim condensed consolidated financial information

To the Board of Directors of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its subsidiaries (the "Group") as of 30 June 2020 and the related interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended. Management is responsible for the preparation and presentation of these interim condensed consolidated statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Other Matter

The interim condensed consolidated financial statements of the Group for the six months period ended 30 June 2019 and the consolidated financial statements for the 31 December 2019 were reviewed and audited by another auditor whose review report dated 6 August 2019 and auditor report dated 29th February 2020 expressed an unmodified conclusion and unmodified opinion respectively.

Grant Thornton

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Registration No: 86

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Sharjah - U.A.E.
Grant Thornton Audit and Accounting Limited (Sharjah Branch)

Sharjah, 12 August 2020

Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C.
Interim condensed consolidated financial information (Unaudited)

Interim condensed consolidated financial position
As at 30 June 2020

	Notes	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	527,532,653	539,081,927
Investments carried at fair value through other comprehensive income (FVTOCI)	6	180,239,973	165,639,077
		707,772,626	704,721,004
Current assets			
Inventories		118,073,257	123,440,311
Trade and other receivables	7	45,875,510	50,304,402
Investments carried at fair value through profit or loss (FVTPL)	6	25,438,128	39,885,832
Cash and cash equivalents	8	33,731,116	71,496,907
		223,118,011	285,127,452
TOTAL ASSETS		930,890,637	989,848,456
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	9	500,157,000	500,157,000
Statutory reserve	10	111,437,714	111,437,714
Voluntary reserve	11	-	100,031,400
Cumulative changes in fair value (FVTOCI)		(89,768,248)	(61,407,606)
Retained earnings		198,475,118	103,290,809
TOTAL EQUITY		720,301,584	753,509,317
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits		9,304,315	9,292,593
Bank borrowings	12	85,316,679	95,511,745
		94,620,994	104,804,338
Current liabilities			
Bank borrowings	12	22,500,000	22,500,000
Trade and other payables		93,468,059	109,034,801
		115,968,059	131,534,801
TOTAL LIABILITIES		210,589,053	236,339,139
TOTAL EQUITY AND LIABILITIES		930,890,637	989,848,456

This interim condensed consolidated financial information was approved by the Audit Committee on 12 August 2020 and signed on its behalf by:

Chairman of the Audit Committee | **Acting General Manager**

The accompanying notes from 1 to 19 form an integral part of these Interim condensed consolidated financial statements.

Interim condensed consolidated statement of income
For the six months period ended 30 June 2020

	Notes	Three months period ended 30 June 2020 AED (Unaudited)	Three months period ended 30 June 2019 AED (Unaudited)	Six months period ended 30 June 2020 AED (Unaudited)	Six months period ended 30 June 2019 AED (Unaudited)
Revenue		**36,339,189**	62,929,800	**96,708,920**	128,173,586
Cost of sales		**(30,154,781)**	(56,245,993)	**(81,405,980)**	(110,693,884)
Gross profit		**6,184,408**	6,683,807	**15,302,940**	17,479,702
Selling, general and administrative expenses		**(5,322,374)**	(6,147,322)	**(11,210,901)**	(12,496,486)
Other income		**386,204**	24,969	**443,483**	70,086
Operating profit		**1,248,238**	561,454	**4,535,522**	5,053,302
Investment profit/ (loss)		**4,672,099**	4,174,609	**(3,434,589)**	11,067,237
Forex gain/(loss)		**81,445**	(122,906)	**(65,477)**	(133,240)
Finance costs		**(793,815)**	(1,572,229)	**(1,872,978)**	(3,311,439)
Profit/ (Loss) for the period		**5,207,967**	3,040,928	**(837,522)**	12,675,860
Basic and diluted earnings/(deficit) per share	13	0.01	0.01	(0.002)	0.025

The accompanying notes from 1 to 19 form an integral part of these Interim condensed consolidated financial statements.

Interim condensed consolidated statement of comprehensive income
For the six months period ended 30 June 2020

	Notes	Three-months period ended 30 June		Six-months period ended 30 June	
		2020 AED (Unaudited)	2019 AED (Unaudited)	2020 AED (Unaudited)	2019 AED (Unaudited)
Profit/ (Loss) for the period		**5,207,967**	3,040,928	**(837,522)**	12,675,860
Other comprehensive loss					
Items that will not be reclassified subsequently to profit or loss:					
Change in fair value of investments carried at FVTOCI	6	**11,522,395**	(15,156,275)	**(28,360,642)**	(24,979,426)
Gain/ (Loss) in fair value on disposal of investments carried at FVOCI		**(1,032,067)**	27,720,208	**(2,809,569)**	28,469,932
Total other comprehensive loss for the period		**10,490,328**	12,563,933	**(31,170,211)**	3,490,506
Total comprehensive (loss)/income for the period		**15,698,295**	15,604,861	**(32,007,733)**	16,166,366

The accompanying notes from 1 to 19 form an integral part of these Interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity
For the six months period ended 30 June 2020

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Cumulative changes in fair value (FVTOCI) AED	Retained earnings AED	Total equity AED
Balance at 31 December 2018 (Audited)	500,157,000	109,497,061	100,031,400	(11,632,868)	57,175,963	755,228,556
Profit for the period	-	-	-	-	12,675,860	12,675,860
Other comprehensive income for the period	-	-	-	3,490,506	-	3,490,506
Total comprehensive income for the period	-	-	-	3,490,506	12,675,860	16,166,366
Dividend (Note 14)	-	-	-	-	(25,007,850)	(25,007,850)
Transfer to retained earnings upon disposal of investment recorded at FVTOCI	-	-	-	(28,469,932)	28,469,932	-
Board of Directors' remuneration (Note 14)	-	-	-	-	(1,040,000)	(1,040,000)
Balance at 30 June 2019 (Unaudited)	500,157,000	109,497,061	100,031,400	(36,612,294)	72,273,905	745,347,072
Balance at 31 December 2019 (Audited)	500,157,000	111,437,714	100,031,400	(61,407,606)	103,290,809	753,509,317
Loss for the period	-	-	-	-	(837,522)	(837,522)
Other comprehensive (loss) for the period	-	-	-	(31,170,211)	-	(31,170,211)
Total comprehensive loss for the period	-	-	-	(31,170,211)	(837,522)	(32,007,733)
Transferred to retained earnings	-	-	(100,031,400)	-	100,031,400	-
Transfer to retained earnings upon disposal of investment recorded at FVTOCI	-	-	-	2,809,569	(2,809,569)	-
Board of Directors' remuneration (Note 14)	-	-	-	-	(1,200,000)	(1,200,000)
Balance at 30 June 2020 (Unaudited)	**500,157,000**	**111,437,714**	**-**	**(89,768,248)**	**198,475,118**	**720,301,584**

The accompanying notes from 1 to 19 form an integral part of these Interim condensed consolidated financial statements.

Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C.
Interim condensed consolidated financial information (Unaudited)

Interim condensed consolidated statement of cash flows
For the six months period ended 30 June 2020

	Note	Six-months period ended 30 June 2020 AED (Unaudited)	2019 AED (Unaudited)
Cash flows from operating activities:			
(Loss)/Profit for the period		**(837,522)**	12,675,860
Adjustments for:			
Depreciation of property, plant and equipment	5	**16,228,580**	16,058,693
Loss on disposal of property, plant and equipment		-	186,489
Provision for employees' end of service benefits		**43,382**	450,956
Dividend income		**(6,067,962)**	(8,789,788)
Interest income		**(105,764)**	(5,566)
Loss on disposal of investment carried at FVTPL		**2,445,146**	(558,497)
Finance costs		**1,872,978**	3,311,439
Unrealized gain/(loss) on investments carried at FVTPL	6	**6,898,015**	(2,256,051)
Investment management fees		**265,153**	542,664
Cash flow before changes in working capital		**20,742,006**	21,616,199
Changes in working capital:			
Inventories		**5,367,054**	(4,661,136)
Trade and other receivables		**4,428,892**	1,337,248
Trade and other payables		**(15,307,145)**	1,427,640
		15,230,807	19,719,951
Employees' end of service benefits paid		**(31,660)**	(461,956)
Board of Directors' Remuneration paid	14	**(1,200,000)**	(1,040,000)
Net cash generated from operating activities		**13,999,147**	18,217,995
Cash flows from investing activities:			
Purchase of property, plant and equipment	5	**(4,679,306)**	(4,944,702)
Disposal of property, plant and equipment		-	540,000
Dividend received		**6,067,962**	8,795,788
Purchase of investments carried at FVTOCI	6	**(60,976,664)**	(4,367,579)
Purchase of investments carried at FVTPL	6	**(16,688,945)**	(13,293,464)
Disposal of investments carried at FVTOCI		**15,205,557**	57,253,097
Disposal of investments carried at FVTPL		**21,793,488**	8,704,154
Interest received		**105,764**	5,566
Investment management fee paid		**(265,153)**	(542,664)
Net cash (used in) /generated from investing		**(39,437,297)**	52,150,196
Cash flows from financing activities:			
Repayment of term loans	12	**(10,195,066)**	(23,327,400)
Finance costs paid		**(2,093,800)**	(4,754,001)
Dividends paid		**(38,775)**	(21,708,387)
Net cash used in financing activities		**(12,327,641)**	(49,789,788)
Net change in cash and cash equivalents		**(37,765,791)**	20,578,403
Cash and cash equivalents at the beginning of the period	8	**71,496,907**	19,087,763
Cash and cash equivalents at the end of the period	8	**33,731,116**	39,666,166

The accompanying notes from 1 to 19 form an integral part of these Interim condensed consolidated financial statements

1. General information

Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. (the "Company") is incorporated as a public shareholding company by Emiri decree number 13/18 dated 2 October 1981 issued by His Highness, The Ruler of Ras Al Khaimah. The address of the Company's registered office is P.O. Box 1492, Ras Al Khaimah, United Arab Emirates.

The principal activities of the Company and its subsidiaries (the "Group") are manufacturing and supply of white cement, lime products, cement products and investing, establishing and managing similar activities. The "Group" comprises of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its Subsidiaries.

Details of Company's subsidiaries at 30 June 2020 and 31 December 2019 are as the following:

Serial No.	Name of subsidiary	Proportion of ownership	Place of incorporation	Principal activities
1	Modern Block Factory	100%	Ras Al Khaimah, U.A.E.	Manufacturing of concrete blocks, interlock tiles and cement products.
2	Ras Al Khaimah Lime Co. Noora	100%	Ras Al Khaimah, U.A.E.	Manufacturing of lime products.

2. Summary of significant accounting policies

2.1 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, *"Interim Financial Reporting"* and comply with the applicable requirements of the laws in the U.A.E.

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

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for investments carried at fair value through profit or loss and other comprehensive income, which have been measured at fair value.

The accounting policies, presentation and methods in these interim condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2019.

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended 31 December 2019.

These interim condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2019. In addition, results for the six months period ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

2. Summary of significant accounting policies (continued)

2.2 Judgements and estimates

The preparation of condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited consolidated financial statements as at and for the year ended 31 December 2019.

2.3 Statement of compliance

The Group prepares its consolidated financial statements in accordance, and comply with, International Financial Reporting Standards ("IFRSs") and IFRS's Interpretations Committee ("IFRICs"). This interim condensed consolidated financial information for the six-months period ended 30 June 2020 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'.

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for investments carried at fair value through profit or loss and other comprehensive income, which have been measured at fair value.

2.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Land is stated at cost less impairment loss, if any.

Capital work in progress is stated at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the profit or loss in the period in which they are incurred.

Depreciation is charged so as to write off the cost of assets, other than land and capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.
The gain or loss arising on the 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 recognized in the profit or loss.
Depreciation is provided on the straight-line method based on the anticipated useful lives, as follows:

Class of asset	**Life (years)**
Buildings	5-20
Plant and machinery	5-30
Tools and equipment	10-15
Vehicles	10
Furniture and fixtures	4

2. Summary of significant accounting policies (continued)

2.5 Investments in securities
(i) Financial assets at FVTOCI

At initial recognition, the Group 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.

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.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI. Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(ii) Financial assets at FVTPL

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition. Gains or losses arising on re-measurement recognised in profit or loss.

A financial asset is held for trading if:

a) it has been acquired principally for the purpose of selling it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2.6 Basis of consolidation

The interim condensed consolidated financial information as at, and for the six-months period ended 30 June 2020, comprises results of the Company and its subsidiaries. The condensed interim financial information of the subsidiaries is prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.
Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

3. Critical accounting estimates and judgments

The preparation of this interim condensed consolidated financial information requires management to make judgements, 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.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were consistent with the consolidated financial statements as at 31 December 2019.

(a) Impairment of financial assets

Measurement of Expected Credit Loss ("ECL") is a significant estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The expected loss rates are based on aging of receivables. The historical loss rates are adjusted for to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

(b) Allowance for slow moving and obsolete inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, technological changes, physical deterioration and quality issues. Based on the factors, management has identified inventory items as slow and non-moving to calculate the allowance for slow moving and obsolete inventories. Revisions to the allowance for slow moving inventories would be required if the outcome of these indicative factors differ from the estimates.

(c) Useful lives of property, plant and equipment

Management reviews the residual values and estimated useful lives of property, plant and equipment at the end of each annual reporting period in accordance with IAS 16. Management determined that current year expectations do not differ from previous estimates based on its review.

4. Financial risk management

4.1 Financial risk factors

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

These interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019. There have been no changes in the risk management department or in any risk management policies since the year end.

4.2 Liquidity risk

Compared to year end 31 December 2019, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5. Property, plant and equipment

During the period, additions to property, plant and equipment amounted to AED 4,679,306 (six-months period ended 30 June 2019: AED 4,944,702) and depreciation for the six-months period ended 30 June 2020 amounted to AED 16,228,580 (six-months period ended 30 June 2019: AED 16,058,693).

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

Property, plant and equipment having a carrying amount of AED 110 million (31 December 2019: AED 110 million) is mortgaged to a bank against credit facilities provided to the Group (Note 12).

Borrowing costs on funds specifically borrowed for obtaining the qualifying assets amounting to Nil have been capitalized during the current period (six-months period ended 30 June 2019: Nil).

6. Investments in securities

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

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Quoted – at fair value:		
In the U.A.E.	**112,985,186**	124,391,756
In other GCC countries	**67,254,787**	41,247,321
	180,239,973	165,639,077

Movement in investments carried at FVTOCI were as follows:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Fair value at the beginning of the period/year	**165,639,077**	239,436,260
Purchased during the period/year	**60,976,664**	43,773,041
Disposal during the period/year	**(18,015,126)**	(67,795,486)
Decrease in fair value of investments at FVTOCI	**(28,360,642)**	(49,774,738)
	180,239,973	165,639,077

6. Investments in securities (continued)

(ii) Investments carried at fair value through profit or loss (FVTPL)

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Quoted – at fair value:		
In the U.A.E.	**20,358,850**	27,194,485
In other GCC countries	**5,079,278**	12,691,347
	25,438,128	39,885,832

Movement in investments carried at FVTPL were as follows:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Fair value at the beginning of the period/year	**39,885,832**	32,621,996
Purchased during the period/year	**16,688,945**	25,679,351
Disposal during the period/year	**(24,238,634)**	(21,661,542)
Unrealized (loss)/gain on investments carried at FVTPL	**(6,898,015)**	3,246,027
	25,438,128	39,885,832

Investment in securities amounting to AED 124.77 million (2019: AED 139.23 million) are pledged to the bank against credit facilities granted to the Group (Note 12).

7. Trade and other receivables

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Trade receivables	**38,602,805**	47,905,308
Less: allowance for impairment of financial assets	**(2,249,190)**	(2,249,190)
	36,353,615	45,656,118
Advance to suppliers	**6,779,189**	2,068,503
Prepaid expenses	**1,441,097**	1,284,214
Dividend receivable	**-**	532,790
Other receivables	**1,301,609**	762,777
	45,875,510	50,304,402

7. Trade and other receivables (continued)

Analysis of trade receivables as set out below:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Secured against unconditional bank guarantees	**11,652,451**	16,227,795
Secured against letter of credit	**6,617,391**	14,478,585
Open credit	**20,332,963**	17,198,928
	38,602,805	47,905,308

Movement in the allowance for impairment of financial assets during the period was as follows:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Balance at the beginning of the period/year	**2,249,190**	2,249,190
Written off during the period/year	**-**	-
Balance at the ending of the period/year	**2,249,190**	2,249,190

8. Cash and cash equivalents

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Cash on hand	**301,786**	238,823
Portfolio account	**8,869,846**	5,305,594
	9,171,632	5,544,417
Bank balances:		
Current accounts	**3,149,538**	3,657,714
Call deposits	**1,954,446**	2,622,626
Fixed deposits	**19,455,500**	59,672,150
	24,559,484	65,952,490
Cash and cash equivalents	**33,731,116**	71,496,907

By geographical area:

In the U.A.E.	**23,438,180**	21,594,489
In other GCC countries	**10,292,936**	49,902,418
	33,731,116	71,496,907

9. Share capital

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Issued and fully paid 500,157,000 ordinary shares of AED 1 each	**500,157,000**	500,157,000

10. Statutory reserve

In accordance with the United Arab Emirates Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of the profit for each year is transferred to the statutory reserve. The transfer to statutory reserve may be suspended when it reaches 50% of the paid-up share capital.

This reserve is not available for distribution except in circumstances stipulated by the law.

The Company adjusts the statutory reserve at year-end.

11. Voluntary reserve

Appropriations to the voluntary reserve account represents appropriation of 10% of the profit for each year. The transfer to voluntary reserve may be suspended by the ordinary general assembly at the recommendation of the Board of Directors or when it reaches 20% of the Group's paid-up share capital. At the recommendation of the Board of Directors, the ordinary general assembly meeting held on 20 April 2019, has decided to suspend the transfer to voluntary reserve as the total of the reserve has reached 20% of the Group's paid-up share capital. So no further transfer will be made to the reserve. The voluntary reserve has been transferred to retained earnings during the period.

12. Bank borrowings

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Loans	**107,816,679**	118,011,745

Bank borrowings shall be repayable as follows:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Within one year	**22,500,000**	22,500,000
In the second to fifth year	**85,316,679**	95,511,745
	107,816,679	118,011,745

12. Bank borrowings (continued)

Long term loans include the following:

(a) With the merger of UNB with ADCB, the existing loans of AED 119,233,662 has been taken over by ADCB and a new facility of AED 118,011,745 has been commenced in Nov 2019 repayable over 4 years.

In addition, to the above the Group has entered into a credit facility agreement of bank overdraft, short term loan and letter of credit amounting to AED 73 million.

Movement in the bank borrowings during the period was as follows:

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Balance at the beginning of the period/year	**118,011,745**	155,233,608
Additions	**-**	-
Repayments during the period/ year	**(10,195,066)**	(37,221,863)
Balance at the ending of the period/year	**107,816,679**	118,011,745

Bank borrowings are secured by mortgage of property, plant and equipment and pledge of investment securities (Notes 5 and 6).

13. Basic (deficit)/earnings per share

Basic (deficit)/earnings per share of AED (0.002) (2019: AED 0.025) is calculated by dividing the (Loss)/profit for the period attributable to the shareholders of the Company of AED (837,522) (2019: AED 12,675,860) by the weighted average number of shares outstanding during the period of 500,157,000 (2019: 500,157,000). The Company does not have any potential equity shares and accordingly the basic and diluted earnings per share is the same.

There were no potentially dilutive share as at 30 June 2020 and 30 June 2019.

14. Dividends

At the annual general meeting held on 21 June 2020, the Shareholders didn't approve any cash dividend to the shareholders in respect of the year ended 31 December 2019 and it has approved the board of directors' remuneration by an amount of AED 1.2 million.
At the annual general meeting held on 20 April 2019, the Shareholders approved a cash dividend of 5% from share capital amounting to AED 25.01 million representing 5 Fils per share in respect of the year ended 31 December 2018 and it has approved the board of directors' remuneration by an amount of AED 1.04 million.

15. Related party transactions

Related parties comprise the Group's majority shareholders, key management personnel, subsidiaries, associates, directors and other businesses which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence (hereinafter referred as "affiliates"). In the normal course of business, the Group has various transactions with its related parties. Transactions are entered into with the related parties on terms and conditions approved by either Group management, or its Board of Directors.

During the six-months period ended 30 June 2020, there were no transactions with related parties other than the below disclosed transactions (six-months period ended 30 June 2019: Nil)

	Three-months period ended		Six-months period ended 30	
	2020	**2019**	**2020**	2019
	AED	**AED**	**AED**	AED
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Unaudited)
Compensation of key management personnel:				
Board of Director's remuneration	**1,200,000**	1,040,000	**1,200,000**	1,040,000
Short term benefits	**182,499**	161,899	**301,098**	339,898

Transactions with related parties were carried out at terms agreed by the management.

16. Commitment and contingent liabilities

	30 June 2020	31 December 2019
	AED	AED
	(Unaudited)	(Audited)
Letters of credit	**786,242**	3,273,580
Letters of guarantee	**66,700**	66,700
	852,942	3,340,280

17. Fair value measurements

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 Group 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.

(a) 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 interim condensed consolidated financial information approximate their fair values.

(b) 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 consolidated financial statements for the year ended 31 December 2019.

(c) Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group'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:

Investments carried at	Fair value as at 30 Jun 2020 AED (Unaudited)	Fair value as at 31 Dec 2019 AED (Unaudited)	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable Input	Relationship of unobservable inputs to fair value
FVTOCI						
Quoted equity securities	**180,239,973**	165,639,077	Level 1	Quoted bid prices in an active market.	None	N/A
FVTPL						
Quoted equity securities	**25,438,128**	39,885,832	Level 1	Quoted bid prices in an active market.	None	N/A

Fair value hierarchy

The following table provides an analysis of financial and non-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:

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

18. Significant event – (COVID-19)

- During the six months period ended 30 June 2020, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies & businesses across the globe including the Group. As this is evolving, we do not consider it is practicable to provide an estimate of the potential impact of this outbreak on the Group.

- During April and May 2020, the group export sales declined due to the global lock-down and only local sales on a small scale. However, during month of June 2020 the export sales picked up after many countries opened its port including India which the majority of export sales made to India. the management expecting the export sales will be back to normal in the second half of 2020.

- The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Group's IFRS 9 estimates of expected credit loss provisions at June 30, 2020. Management will continue to monitor the situation and assess the impact of this outbreak throughout the year.

19. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

For management purposes, the Group is organized into business units based on their products and services and the following reportable segments:

(1) Manufacturing of white cement, lime products, cement products.
(2) Investments in marketable equity securities, deposits with banks.

There are no sales between segments during the period.

Management monitors the operating results of its business units for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

19. Segment information (continued)

	Six-months period ended 30 June 2020			Six-months period ended 30 June 2019		
	Manufacturing AED (Unaudited)	Investments AED (Unaudited)	Total AED (Unaudited)	Manufacturing AED (Unaudited)	Investments AED (Unaudited)	Total AED (Unaudited)
Segment revenue	96,708,920	-	96,708,920	128,173,586	-	128,173,586
Segment result	2,597,067	(3,434,589)	(837,522)	1,608,623	11,067,237	12,675,860
Depreciation	16,228,580	-	16,228,580	16,058,693	-	16,058,693
Finance costs	1,872,978	-	1,872,978	3,311,439	-	3,311,439

	30 June 2020			31 December 2019		
	Manufacturing AED (Unaudited)	Investments AED (Unaudited)	Total AED (Unaudited)	Manufacturing AED (Audited)	Investments AED (Audited)	Total AED (Audited)
Segment assets	691,481,420	235,957,893	927,439,313	712,826,640	273,125,279	985,951,919
Unallocated assets	-	-	3,451,324	-	-	3,896,537
Total assets	691,481,420	235,957,893	930,890,637	712,826,640	273,125,279	989,848,456
Segment liabilities	210,589,053	-	210,589,053	236,339,139	-	236,339,139