

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
FUJAIRAH
UNITED ARAB EMIRATES

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE NINE MONTHS
PERIOD ENDED 30 SEPTEMBER 2022

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

INDEX	Page	Exhibit
Review Report on Condensed Consolidated Interim Financial Statements	1	--
Condensed Consolidated Interim Statement of Financial Position	2	A
Condensed Consolidated Interim Statement of Comprehensive Income	3	B
Condensed Consolidated Interim Statement of Changes in Equity	4	C
Condensed Consolidated Interim Statement of Cash Flows	5	D
Notes to the Condensed Consolidated Interim Financial Statements	6 – 20	--

2-515-151779

**Review Report on Condensed Consolidated Interim Financial Statements to
The Board of Directors of
Fujairah Cement Industries P.J.S.C
Public Joint Stock Company**

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of **Fujairah Cement Industries P.J.S.C** (the "Company") and its subsidiary (together referred to as the "Group") which comprise the condensed consolidated interim statement of financial position as at 30 September 2022 and the condensed consolidated interim statement of comprehensive income, changes in equity and cash flows for the nine-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

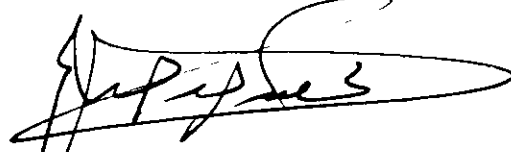
Conclusion

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 September 2022 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Emphasis of Matter

We draw attention to Note 3.1 to the condensed consolidated interim financial statements which states that the Group incurred loss of AED. 60,858,043 for the current period compared to loss of AED. 52,137,790 in the corresponding previous period and accumulated losses of AED. 4,534,742 and the current liabilities exceeded current assets by AED. 82,620,022 as at 30 September 2022. The accompanying condensed consolidated interim financial statements have been prepared assuming that the Group will continue as a going concern. Our conclusion is not modified in respect of this matter.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL


Zaid Ali Musleh
Licensed Auditor No. 1130
10 November 2022

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Condensed Consolidated Interim Statement of Financial Position
As at 30 September 2022

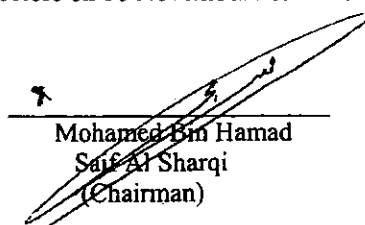
EXHIBIT A

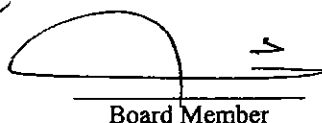
	<u>Note</u>	<u>30 September 2022</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December 2021</u> <u>(Audited)</u> <u>AED</u>
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,136,010,782	1,169,626,119
Right-of-use assets	6	102,387,529	109,645,475
Intangible assets		223,198	-
Total Non-Current Assets		1,238,621,509	1,279,271,594
Current Assets			
Inventories	7	352,125,805	287,044,698
Trade receivables	9	82,594,686	94,304,374
Advances and other receivables	10	16,754,694	8,574,346
Cash and bank balances	11	1,062,616	723,106
Total Current Assets		452,537,801	390,646,524
TOTAL ASSETS		1,691,159,310	1,669,918,118
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	12	355,865,320	355,865,320
Statutory reserve	13	161,750,412	161,750,412
Voluntary reserve	14	222,536,002	222,536,002
Revaluation reserve	5	34,747,500	34,747,500
(Accumulated losses)/Retained earnings		(4,534,742)	56,323,301
Net Shareholders' Equity – Exhibit C		770,364,492	831,222,535
Non-Current Liabilities			
Employees' end of service benefits	15	13,138,874	14,298,111
Lease liabilities	16	135,744,393	130,202,549
Bank borrowings	17	208,066,169	227,643,871
Trade and other payables	18	28,687,559	15,270,312
Total Non-Current Liabilities		385,636,995	387,414,843
Current Liabilities			
Lease liabilities	16	10,045,088	13,039,784
Bank borrowings	17	346,716,557	305,728,318
Trade and other payables	18	178,396,178	132,512,638
Total Current Liabilities		535,157,823	451,280,740
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,691,159,310	1,669,918,118

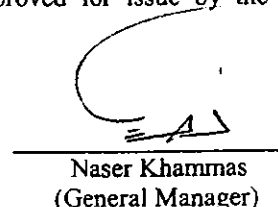
**THE ACCOMPANYING NOTES CONSTITUTE AN
INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

To the best of our knowledge, the financial information included in these condensed consolidated interim financial statements fairly presents in all material respects the financial condition, result of operation and cash flows of the Group as of, and for, the periods presented therein.

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on 10 November 2022 and signed on their behalf by :


Mohamed Bin Hamad
Saif Al Sharqi
(Chairman)


Board Member



Naser Khammas
(General Manager)

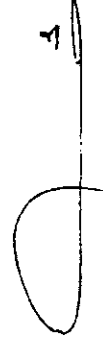
FUJAIRAH CEMENT INDUSTRIES P.J.S.C
 Condensed Consolidated Interim Statement of Comprehensive Income
 For the Nine months Period Ended 30 September 2022 (Unaudited)


EXHIBIT B

Note	Nine months period ended		Three Months period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	AED	AED	AED	AED
19	262,193,062	302,152,607	85,877,494	84,672,531
	(287,598,134)	(287,916,976)	(104,875,912)	(92,946,326)
	(25,405,072)	14,235,631	(18,998,418)	(8,273,795)
	2,468,594	1,323,616	753,506	417,031
	(8,937,073)	(39,808,839)	(2,325,591)	(9,548,103)
	(8,966,942)	(9,233,077)	(3,128,466)	(2,839,533)
	(16,917,704)	(15,497,892)	(6,549,987)	(5,159,223)
	(3,099,846)	(3,157,229)	(1,021,992)	(1,030,429)
	(60,858,043)	(52,137,790)	(31,270,948)	(26,434,052)
	--	--	--	--
	(60,858,043)	(52,137,790)	(31,270,948)	(26,434,052)
	(0.171)	(0.147)	(0.088)	(0.074)

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS


 Mohamed Bin Hamad
 Saif Al Sharqi
 (Chairman)


 Board Member


 Naser Khammas
 (General Manager)

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
 Condensed Consolidated Interim Statement of Changes In Equity
 For the Nine months Period Ended 30 September 2022 (Unaudited)

EXHIBIT C

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Revaluation reserve AED	Retained earnings AED	(Accumulated losses)/ Total AED
Balance at 1 January 2021 (Audited)	355,865,320	161,750,412	222,536,002	--	159,061,830	899,213,564
Total comprehensive loss for the Nine months period ended 30 September 2021 – Exhibit B	--	--	--	--	(52,137,790)	(52,137,790)
Balance at 30 September 2021 -(Unaudited)	<u>355,865,320</u>	<u>161,750,412</u>	<u>222,536,002</u>	<u>--</u>	<u>106,924,040</u>	<u>847,075,774</u>
Balance at 1 January 2022 (Audited)	<u>355,865,320</u>	<u>161,750,412</u>	<u>222,536,002</u>	<u>34,747,500</u>	<u>56,323,301</u>	<u>831,222,535</u>
Total comprehensive loss for the Nine months period ended 30 September 2022 – Exhibit B	--	--	--	--	(60,858,043)	(60,858,043)
Balance at 30 September 2022 (Unaudited) - Exhibit A	<u>355,865,320</u>	<u>161,750,412</u>	<u>222,536,002</u>	<u>34,747,500</u>	<u>(4,534,742)</u>	<u>770,364,492</u>

THE ACCOMPANYING NOTES CONSTITUTE AN
 INTEGRAL PART OF THESE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Condensed Consolidated Interim Statement of Cash Flows
For the Nine months Period Ended 30 September 2022 (Unaudited)

EXHIBIT D

	<u>Nine months period ended</u>	
	<u>30 September 2022</u>	<u>30 September 2021</u>
	AED	AED
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period - Exhibit B	(60,858,043)	(52,137,790)
Adjustments for:		
Depreciation of property, plant and equipment	42,008,760	40,621,287
Amortization of intangible assets	26,319	-
Depreciation of right-of-use assets	7,573,899	7,116,776
Employees end of service benefits	1,043,588	832,592
Finance cost – lease liabilities	3,099,846	3,157,229
Finance cost – bank borrowings	16,917,704	15,497,892
	9,812,073	15,087,986
Operating cash flows before changes in operating assets and liabilities	9,812,073	15,087,986
Increase in inventories	(66,699,163)	(50,130,128)
Decrease in trade receivables	11,709,688	79,081,203
Increase in advances and other receivables	(8,180,348)	(3,879,324)
Increase in trade and other payables	58,464,331	24,125,807
Settlements of employees end of service benefits	(2,202,825)	(918,203)
Net Cash Provided by Operating Activities	2,903,756	63,367,341
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(7,024,884)	(25,394,979)
Net Cash Used in Investing Activities	(7,024,884)	(25,394,979)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(868,651)	(3,996,558)
Repayments of bank-term borrowings, net	(11,156,231)	(79,625,308)
Proceeds from other bank borrowings, net	32,566,768	62,238,279
Finance cost paid on bank borrowings	(16,081,248)	(15,913,310)
Net Cash Provided by/(Used in) Financing Activities	4,460,638	(37,296,897)
Net increase in cash and cash equivalents	339,510	675,465
Cash and cash equivalents at beginning of period	723,106	1,256,558
Cash and cash equivalents at end of period - Note 21	1,062,616	1,932,023

**THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FUJAIRAH CEMENT INDUSTRIES P.J.S.C

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine months Period Ended 30 September 2022

1. STATUS AND ACTIVITIES

Fujairah Cement Industries P.J.S.C – Fujairah (the “Company”) is a public joint stock company in the Emirate of Fujairah – United Arab Emirates established on 20 December 1979. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange and Boursa Kuwait (Kuwait Stock Exchange).

The main activities of Company and its subsidiary (collectively referred to as the “**Group**”) are clinker and hydraulic cement manufacturing and ready mixed concrete manufacturing.

The Company is domiciled in Fujairah and its registered address is P.O. Box : 600, Fujairah – United Arab Emirates.

2. NEW AND REVISED STANDARDS ADOPTED

Several amendments and interpretations apply for the first time in 2022, but do not have an impact on the condensed consolidated interim financial statements.

3. BASIS OF PREPARATION

3.1 Going concern

The Group incurred loss of AED. 60,858,043 for the current period compared to loss of AED. 52,137,790 in the corresponding previous period and accumulated losses of AED. 4,534,742 and the current liabilities exceeded current assets by AED. 82,620,022 as at 30 September 2022.

The Group’s management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt about the Group’s ability to continue as a going concern. Therefore, the condensed consolidated interim financial statements continue to be prepared on the going concern basis.

3.2 Statement of compliance

The condensed consolidated interim financial statements for the Nine months period ended 30 September 2022 have been prepared in accordance with International Accounting Standard No. 34, “Interim Financial Reporting”.

Federal Law No. 32 of 2021 on Commercial Companies (the “New Companies Law”) was issued on 20 September 2021 and came into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the “2015 Law”). The Group is in the process of reviewing the new provisions to apply the requirements of new law no later than one year from the effective date.

Condensed consolidated interim financial statements does not include all of the information and footnotes required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s annual audited consolidated financial statements for the year ended 31 December 2021. In addition, results for the nine months period ended 30 September 2022 for the Group are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2022.

3. BASIS OF PREPARATION (CONTINUED)

3.3 Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for land which has been measured on the basis of valuation.

These condensed consolidated interim financial statements are presented in United Arab Emirates Dirham (AED), which is the Group's Functional Currency. Amounts in the condensed consolidated interim financial statements are rounded to the nearest United Arab Emirates Dirham (AED).

3.4 Use of estimates, assumptions and judgement

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimating uncertainty were the same as that were applied to the consolidated financial statements for the year ended 31 December 2021.

3.5 Financial risk management

The Group's financial risk management objective and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2021.

3.6 Basis of consolidation

These condensed consolidated interim financial statements incorporate the financial statements of the parent company and entity controlled by the Company (its subsidiary). Control is achieved when :

- The Group has power over the investee.
- The Group is exposed, or has rights to variable returns from its involvement with the investee.
- The Group has the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls mentioned above.

3. BASIS OF PREPARATION (CONTINUED)

3.6 Basis of consolidation (Continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances whether it has power over an investee, including :

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from the other contractual arrangements.
- The Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the period is included in the condensed consolidated interim statement of comprehensive income from the date the Group gains control until the date when Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the equity holders of the Parent Company and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies.

All intragroup balances and income, equity and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group ownership interests in subsidiaries that do not result in the Group losing control over a subsidiary are accounted for as equity transactions. The carrying amounts of the Group interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

The details of the subsidiary is as follows :

<u>Entity</u>	<u>% of ownership</u>		<u>Principal activities</u>	<u>Country of incorporation</u>
	<u>30 September 2022</u>	<u>31 December 2021</u>		
Fujairah Cement Industries PJSC FZE*	100	100	Ready mixed concrete manufacturing	UAE

* The Establishment started its operation in March 2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's audited annual consolidated financial statements for the year ended 31 December 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As required by the Securities and Commodities Authority (“SCA”) notification dated 12 October 2008, accounting policies relating to property, plant and equipment and intangible assets have been disclosed in the condensed consolidated interim financial statements.

4.1 Property, plant and equipment

The property, plant and equipment are carried at their cost/valuation less any accumulated depreciation and any accumulated impairment. Cost includes purchase cost together with any incidental costs of acquisition.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item and the cost of the item can be measured reliably.

The cost of day to day service of property, plant and equipment is expensed as incurred.

Depreciation of an asset begins when it is available for use in the manner intended by management.

Depreciation is calculated on a straight line basis over the estimated useful lives which are as follows :

	<u>Estimated useful lives</u> Years
Factory buildings and leasehold improvements	5 to 35
Plant and machinery	2 to 35
Furniture and fixtures	2 to 4
Vehicle and mobile plant	4 to 7
Tools and equipment	2 to 4
Quarry development cost	6 to 20

No depreciation is charged on land and capital work-in-progress. The depreciation charge for each period is recognized in the condensed consolidated interim statement of comprehensive income.

The estimated useful lives, residual values and depreciation method are reviewed and adjusted if appropriate at each reporting date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than estimated recoverable amount.

Gain or loss arising on disposal of any item of property, plant and equipment (calculated as the difference between the net disposal proceeds, and the carrying amount of the asset) is recognized in the condensed consolidated interim statement of comprehensive income.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Property, plant and equipment (Continued)

Capital work-in-progress

Properties in the course of construction for production, supply or administrative purposes or for purposes not yet determined are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

4.2 Intangible assets

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

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

5. PROPERTY, PLANT AND EQUIPMENT

a) The details of this item are as follows :

	Land AED	Factory buildings and lease hold improvements AED	Plant and machinery AED	Furniture and fixtures AED	Vehicles and mobile plant AED	Tools and equipment AED	Quarry development cost AED	Capital work-in- progress AED	Total AED
Cost/Valuation :									
At 1 January 2021	250,000	159,999,436	2,024,162,457	3,766,744	27,032,732	13,181,407	31,949,125	5,800,586	2,266,142,487
Additions during the year	--	--	7,381,899	133,133	--	59,954	--	19,493,139	27,068,125
Transfers	--	--	--	489,048	--	--	--	(489,048)	--
Revaluation surplus	34,747,500	--	--	--	--	--	--	--	34,747,500
At 31 December 2021	34,997,500	159,999,436	2,031,544,356	4,388,925	27,032,732	13,241,361	31,949,125	24,804,677	2,327,958,112
Additions during the period	--	--	1,987,475	4,854	1,130,000	50,807	--	3,851,748	7,024,884
Transfers	--	362,382	4,156,264	6,390	10,775,129	66,172	--	(15,366,337)	--
Transfer to intangible assets	--	--	--	--	--	--	--	(249,517)	(249,517)
Transfer from inventories	--	--	1,618,056	--	--	--	--	--	1,618,056
Balance at 30 September 2022	34,997,500	160,361,818	2,039,306,151	4,400,169	38,937,861	13,358,340	31,949,125	13,040,571	2,336,351,535
Accumulated Depreciation :									
At 1 January 2021	--	49,227,053	990,629,760	3,388,249	23,040,866	12,969,114	24,899,122	--	1,104,154,164
Charged for the year	--	4,857,138	46,526,471	269,433	1,464,957	133,749	926,081	--	54,177,829
At 31 December 2021	--	54,084,191	1,037,156,231	3,657,682	24,505,823	13,102,863	25,825,203	--	1,158,331,993
Charged for the period	--	3,673,430	35,320,404	189,560	2,052,056	78,749	694,561	--	42,008,760
Balance at 30 September 2022	--	57,757,621	1,072,476,635	3,847,242	26,557,879	13,181,612	26,519,764	--	1,200,340,753
Net Book Value :									
At 30 September 2022 (Unaudited)	34,997,500	102,604,197	966,829,516	552,927	12,379,982	176,728	5,429,361	13,040,571	1,136,010,782
- Exhibit A									
At 31 December 2021(Audited)	34,997,500	105,915,245	994,388,125	731,243	2,526,909	138,498	6,123,922	24,804,677	1,169,626,119
- Exhibit A									

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- b) As at 31 December 2021, land mentioned above of AED. 34,997,500 is stated at valuation by Land and Property Management – Dibba Municipality – Government of Fujairah and the difference amounting to AED. 34,747,500 was credited to revaluation reserve (Exhibit A).
- c) Part of the factory buildings and plant and machinery are constructed/erected on leased land obtained from the Dibba Municipality – Government of Fujairah.
- d) There is a registered chattel mortgage (being executed) over the Waste Heat Recovery based captive power plant expansion project included in plant and machinery mentioned above and an assignment of insurance policy covering the project in favour of the bank against bank borrowings (Note 17).
- e) Insurance policy covering movable assets is assigned in favor of a bank against bank borrowings (Note 17).
- f) Commercial mortgage over thermal power plant included in plant and machinery mentioned above, assignment of insurance policies covering the cement factory and thermal power plant and assignment of leasehold rights over the land on which the thermal power plant is located are provided as securities against bank borrowings (Note 17).
- g) There is a registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 17) included in plant and machinery.
- h) Depreciation is fully charged to cost of sales.
- i) Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period amounted to AED. 353,791,100 (31.12.2021 : AED 353,478,614).

6. RIGHT-OF-USE ASSETS

The movement of the right-of-use assets are as follows :

	30 September 2022	31 December 2021
	(Unaudited)	(Audited)
	AED	AED
Cost :		
At 1 January	138,897,679	132,403,222
Additions during the period/year	315,953	6,494,457
Balance at end of the period/year	139,213,632	138,897,679
Accumulated Depreciation :		
At 1 January	29,252,204	18,978,069
Charged for the period/year	7,573,899	10,274,135
Balance at end of the period/year	36,826,103	29,252,204
Net Book Value at end of the period/year – Exhibit A	102,387,529	109,645,475

FUJAIRAH CEMENT INDUSTRIES P.J.S.C

Notes to the Condensed Consolidated Interim Financial Statements

For the Nine months Period Ended 30 September 2022

7. INVENTORIES

a) This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Raw materials	16,411,086	17,006,665
Semi-finished products	122,485,981	66,175,823
Finished products	4,859,133	3,108,902
Total	<u>143,756,200</u>	<u>86,291,390</u>
Spare parts	126,453,555	128,031,829
Allowance for slow-moving spare parts	(20,702,113)	(20,702,113)
Net	<u>105,751,442</u>	<u>107,329,716</u>
Burning media	77,706,792	73,212,154
Bags and packing material	694,200	722,634
Total	<u>78,400,992</u>	<u>73,934,788</u>
Goods-in-transit	24,217,171	19,488,804
Total – Exhibit A	<u><u>352,125,805</u></u>	<u><u>287,044,698</u></u>

b) Insurance policy against the inventories is assigned against bank borrowings.

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Group enters into various transactions with related parties. Related parties represent major shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. The prices and terms of these transactions are agreed with the Group's management.

- At the statement of consolidated financial position date, balances of related parties are as follows :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Balances due from related parties (included in trade receivables)	1,608,440	1,104,667
Balances due to related parties (included in trade and other payables)	499,368	84,876

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

- The following are the details of significant related party transactions :

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>30 September 2022</u>	<u>30 September 2021</u>	<u>30 September 2022</u>	<u>30 September 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED	AED	AED
Sales	2,537,623	1,906,787	909,773	521,509
Purchases / Services Contracts	696,100	927,707	139,368	427,776
Construction of property, plant and equipment	513,836	567,000	23,543	10,237

- The salaries and other benefits of key management staff during the period are as follows :

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>30 September 2022</u>	<u>30 September 2021</u>	<u>30 September 2022</u>	<u>30 September 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED	AED	AED
Key management salaries and other benefits	<u>2,384,270</u>	<u>3,015,317</u>	<u>698,624</u>	<u>943,593</u>

9. TRADE RECEIVABLES

- a) This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Trade receivables	124,095,296	135,942,404
Provision for impairment loss of trade receivables - Note 9(c)	(41,500,610)	(41,638,030)
Net Amount – Exhibit A	<u>82,594,686</u>	<u>94,304,374</u>
Coverage :		
Trade receivables against BG & L/C's	37,271,904	45,713,677
Trade receivables	86,823,392	90,228,727
Total	<u>124,095,296</u>	<u>135,942,404</u>

- b) Trade receivables are assigned against bank borrowings (Note 17).

- c) The details of movement in provision for impairment loss of trade receivables during the period/year are as follows :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Balance at the beginning of the period/year	41,638,030	26,552,172
Additions during the period/year	--	15,095,491
Write off during the period/year	(137,420)	(9,633)
Balance at the end of the period/year – Note 9(a)	<u>41,500,610</u>	<u>41,638,030</u>

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

10. ADVANCES AND OTHER RECEIVABLES

This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Prepayments	7,342,476	683,781
Advances to suppliers	2,388,216	2,228,715
Other receivables	7,024,002	5,661,850
Total - Exhibit A	16,754,694	8,574,346

11. CASH AND BANK BALANCES

This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Cash in hand	191,031	114,651
Bank balances - Current accounts	871,585	608,455
Total – Exhibit A	1,062,616	723,106

12. SHARE CAPITAL

This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Authorized share capital is AED. 355,865,320 ordinary share of AED. 1 each fully paid – Exhibit A & C	355,865,320	355,865,320

13. STATUTORY RESERVE

This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Balance at end of the period/year- Exhibit A & C	161,750,412	161,750,412

In accordance with UAE Federal Law No. (2) of 2015 and its amendments and the Company's Articles of Association, 10% of the profit of each year is to be appropriated to a statutory reserve. Transfer may be discontinued when the reserve reaches 50% of the paid-up capital. This reserve is not available for distribution except in circumstances stipulated by the law.

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

14. VOLUNTARY RESERVE

This item consists of the following :

	<u>30 September 2022</u> <u>(Unaudited)</u> AED	<u>31 December 2021</u> <u>(Audited)</u> AED
Balance at the end of the period/year - Exhibit A & C	222,536,002	222,536,002

In prior years, 10% of the profits were appropriated to a voluntary reserve. This reserve is distributable when approved by a shareholders' resolution based on the recommendation of the Board of Directors in accordance with UAE Federal Law No. (2) of 2015 and its amendments and the Company's Articles of Association.

15. EMPLOYEES' END OF SERVICE BENEFITS

The details of the movement in this item during the period/year are as follows :

	<u>30 September 2022</u> <u>(Unaudited)</u> AED	<u>31 December 2021</u> <u>(Audited)</u> AED
Balance at the beginning of the period/year	14,298,111	14,341,137
Charged for the period/year	1,043,588	1,114,706
Settlements during the period/year	(2,202,825)	(1,157,732)
Balance at end of the period/year - Exhibit A	13,138,874	14,298,111

16. LEASE LIABILITIES

Lease liabilities represent the long term lease of plots of land from Government of Fujairah and leased motor vehicles. The details of movement in this item during the period/year are as follows :

	<u>30 September 2022</u> <u>(Unaudited)</u> AED	<u>31 December 2021</u> <u>(Audited)</u> AED
Balance at the beginning of the period/year	143,242,333	138,403,752
Additions during the period/year	315,953	6,494,457
Finance cost on lease liabilities for the period/year	3,099,846	4,458,969
Payment during the period/year	(868,651)	(6,114,845)
Balance at the end of the period/year	145,789,481	143,242,333
Non-Current -Exhibit A	135,744,393	130,202,549
Current -Exhibit A	10,045,088	13,039,784
Total	145,789,481	143,242,333

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

17. BANK BORROWINGS

a) Bank-term borrowings

This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Balance at the beginning of the period/year	253,585,059	342,850,828
Received during the period/year	9,009,879	--
Repaid during the period/year	(20,166,110)	(89,265,769)
Balance at the end of the period/year	242,428,828	253,585,059
Non-Current portion – Note 17(c)(i)	208,066,169	227,643,871
Current portion – Note 17(c)(ii)	34,362,659	25,941,188
Total	242,428,828	253,585,059

b) Other bank borrowings

This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Trust receipts	142,720,337	112,403,242
Short terms loans	137,500,000	135,000,000
Overdrafts	32,133,561	32,383,888
Total - Note 17(c)(ii)	312,353,898	279,787,130

c) The details of bank borrowings are as follows :

i) Non-current portion

This item consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
In the second year	39,515,735	27,605,250
In the third to fifth year	132,760,429	147,760,429
After five year	35,790,005	52,278,192
Total – Exhibit A	208,066,169	227,643,871

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

17. BANK BORROWINGS (CONTINUED)

c) The details of bank borrowings are as follows (Continued) :

ii) Current portion

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Bank-term borrowings - Note 17(a)	34,362,659	25,941,188
Other bank borrowings – Note 17(b)	312,353,898	279,787,130
Total – Exhibit A	<u>346,716,557</u>	<u>305,728,318</u>
Total bank borrowings	<u>554,782,726</u>	<u>533,372,189</u>

iii) Bank borrowings are secured by:

- Registered charge over Thermal Power Plant (including machinery).
- Registered chattel mortgage (to be executed) over the Waste Heat Recovery based captive power plant expansion project
- Assignment of insurance policy for AED. 437.4 million covering factory on a pari passu basis.
- Assignment of insurance policy for AED. 236.9 million covering the Thermal Power Plant on a pari passu basis.
- Assignment of insurance policy for AED. 124.4 million covering the Waste Heat Recovery based captive power plant expansion project.
- Assignment of insurance policies covering moveable assets on pari passu basis .
- Assignment of leasehold rights (between the Group & Dibba Municipality) over the land on which the Thermal Power Plant is located.
- Assignment of insurance policy over inventories on pari passu basis.
- General assignments of trade receivables in favor of the bank.
- Registered mortgage and assignment of insurance policy over specific machinery upgraded.
- Promissory note.

18. TRADE AND OTHER PAYABLES

This items consists of the following :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Trade payables	165,284,962	127,621,216
Dividends payable	3,971,491	3,971,870
Advances received from customers	2,333,637	285,699
Accrued expenses	31,662,393	13,164,297
Accrued interest payable	3,255,907	2,419,451
Others	575,347	320,417
Total	<u>207,083,737</u>	<u>147,782,950</u>
Non-Current – Exhibit A	<u>28,687,559</u>	<u>15,270,312</u>
Current – Exhibit A	<u>178,396,178</u>	<u>132,512,638</u>
Total	<u>207,083,737</u>	<u>147,782,950</u>

FUJAIRAH CEMENT INDUSTRIES P.J.S.C
Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

19. REVENUE

This items consists of the following :

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>30 September 2022</u>	<u>30 September 2021</u>	<u>30 September 2022</u>	<u>30 September 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED	AED	AED
Revenue recognized at point in time :				
Sales :				
Within UAE	86,766,151	85,914,089	26,553,306	26,771,060
Outside - UAE-GCC	31,997,834	53,743,533	18,243,154	9,696,309
Other Countries	143,429,077	162,494,985	41,081,034	48,205,162
Total – Exhibit B	262,193,062	302,152,607	85,877,494	84,672,531

20. BASIC LOSS PER SHARE

This items consists of the following :

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>30 September 2022</u>	<u>30 September 2021</u>	<u>30 September 2022</u>	<u>30 September 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Loss for the period (AED)	(60,858,043)	(52,137,790)	(31,270,948)	(26,434,052)
Weighted average number of shares outstanding (Share)	355,865,320	355,865,320	355,865,320	355,865,320
Basic loss per share (AED) – Exhibit B	(0.171)	(0.147)	(0.088)	(0.074)

21. CASH AND CASH EQUIVALENTS

At 30 September 2022 and 2021 “cash and cash equivalents’ included in the condensed consolidated interim statement of cash flows (Exhibit D) comprise the following items :

	<u>Nine months period ended</u>	
	<u>30 September 2022</u>	<u>30 September 2021</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED
Cash in hand	191,031	179,765
Bank balances -Current accounts	871,585	1,752,258
Total - Exhibit D	1,062,616	1,932,023

FUJAIRAH CEMENT INDUSTRIES P.J.S.C

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine months Period Ended 30 September 2022

22. CONTINGENT LIABILITIES/COMMITMENTS*i) Contingent liabilities*

Contingent liabilities of the Group as at the condensed consolidated interim statement of financial position date amounted to AED. Nil (Unaudited) [(31 December 2021: AED. 3,897,143) (Audited)] representing letters of credit.

ii) Commitments

Commitments of the Group as at the condensed consolidated interim statement of financial position date are as follows :

	<u>30 September 2022</u>	<u>31 December 2021</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
	AED	AED
Commitments for the purchase of property, plant and equipment	<u>565,596</u>	<u>3,269,652</u>