

**Fujairah Cement Industries PJSC and its  
subsidiary  
Fujairah - United Arab Emirates  
Independent auditor's review report and  
condensed consolidated interim financial  
statements  
For the six months period ended June 30, 2023  
(Unaudited)**

**Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates**

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**Fujairah Cement Industries PJSC and its subsidiary**  
**Fujairah - United Arab Emirates**

**General information**

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Website : [www.fujairahcement.com](http://www.fujairahcement.com)

| The Directors | <u>Name</u>  | <u>Nationality</u> |
|---------------|--|--------------------|
|               | Sheikh Mohammed Bin Hamad Saif Al Sharqi (Representative of Govt. Fujairah)                | Emirati            |
|               | Mr. Abdul Ghafour Hashem Abdul Ghafour Behroozian Alawa (Representative of Govt. Fujairah) | Emirati            |
|               | Mr. Khalid Abdulwahab Yousef Ahmed Al Muhaidib (Representative of Govt. Abu Dhabi)         | Emirati            |
|               | Mr. Mohamed Sharief Habib Mohamed Alawadhi   | Emirati            |
|               | Mr. Dhari Selfeeq Alshammary (Representative of ISDB-KSA)                                  | Saudi              |
|               | Mr. Mohammad Saeed Aldowaisan  | Kuwaiti            |
|               | Mr. Saad Abdullah Hussain Al Hanyan  | Kuwaiti            |
|               | Mr. Yagoub Musaad Yagoub Albuaijan   | Kuwaiti            |
|               | Mr. Abdul Latif Saad Abdul Latif Al Dosary   | Kuwaiti            |
|               | Mrs. Maryam Abdulla Mohamed Obaid Al Matrooshi   | Emirati            |
|               | Mr. Salem Mohamed Abdulla Mohamed Al Zahmi   | Emirati            |

The Auditor : Crowe Mak  
P.O. Box: 6747  
Dubai - United Arab Emirates

The Main Banks : National Bank of Fujairah  
Dubai Islamic Bank  
Emirates NBD  
Abu Dhabi Commercial Bank  
Commercial Bank of Dubai  
First Abu Dhabi Bank  
Burgan Bank

**Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates**

**Directors' report**

The Directors have pleasure in presenting their report and the reviewed condensed consolidated interim financial statements for the period ended June 30, 2023.

**Principal activities of the Group**

The principal activities of Parent Entity and its subsidiary (collectively referred to as the "Group") are clinkers and hydraulic cement manufacturing, ready - mix and dry - mix concrete and mortars manufacturing, exporting and sand and pebble mines operation - crushers.

**Financial review**

The table below summarizes the results of six months period ended June 30, 2023 and June 30, 2022 denoted in Arab Emirates Dirham (AED).

|               | <b>Six months period ended<br/>June 30,</b> |                    | <b>Three months period ended June 30,</b> |                    |
|---------------|---|--------------------|---|--------------------|
|               | <b>2023</b>                                 | <b>2022</b>        | <b>2023</b>                               | <b>2022</b>        |
|               | <b>(Unaudited)</b>                          | <b>(Unaudited)</b> | <b>(Unaudited)</b>                        | <b>(Unaudited)</b> |
| Revenue       | <b>179,835,861</b>                          | 176,315,568        | <b>92,106,826</b>                         | 88,699,485         |
| Cost of sales | <b>(201,336,935)</b>                        | (182,722,222)      | <b>(106,834,175)</b>                      | (92,675,824)       |
| Gross loss    | <b>(21,501,074)</b>                         | (6,406,654)        | <b>(14,727,349)</b>                       | (3,976,339)        |
| Gross loss %  | <b>-11.96%</b>                              | -3.63%             | <b>-15.99%</b>                            | -4.48%             |
| Net loss      | <b>(62,055,829)</b>                         | (29,587,095)       | <b>(35,735,520)</b>                       | (14,170,812)       |
| Net loss %    | <b>-34.51%</b>                              | -16.78%            | <b>-38.80%</b>                            | -15.98%            |

**Role of the Directors**

The Directors are the Group's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Group for delivering sustainable shareholder value through its guidance and supervision of the Group's business. The Directors set the strategies and policies of the Group. They monitor performance of the Group's business, guide and supervise its management.

**Going concern**

These condensed consolidated interim financial statements have been prepared under the going concern basis for the six months period ended June 30, 2023, despite the fact that the Group has incurred a loss of AED 62,055,829 and has accumulated losses which was offset against voluntary reserve as at the same date, also the current liabilities exceeded the current assets by AED 144,361,291 as at that date. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The major challenges during the period were the higher production cost due to the rising coal and fuel prices. In response to these challenges, the Group's management was able to increase the rate of cement in both local and international markets. The management is also exploring to enter other markets outside UAE to maximize the capacity utilization.

Management believes that the above actions and the feasibility of future plans by the Board of Directors will improve its ability to generate future profits and cash flows and continue its operations in the foreseeable future. Hence, the accompanying condensed consolidated interim financial statements have been prepared on a going concern basis.

**Events after period end**

In the opinion of the Directors, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial period and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Group.



Ref: BN/A2983/August 2023

**Independent auditor's report on review of condensed consolidated interim financial statements**

To,  
The Board of Directors  
Fujairah Cement Industries PJSC  
P. O. Box: 600  
Fujairah, United Arab Emirates

**Introduction**

We have reviewed the accompanying condensed consolidated interim financial statements of **Fujairah Cement Industries PJSC** (the "Parent Entity") **and its subsidiary** (together referred to as the "Group") which comprise the condensed consolidated interim statement of financial position as at **June 30, 2023**, and the condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity, condensed consolidated interim statement of cash flows for the six months period then ended and the explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the IAS 34 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with International Standards 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 of 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 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2 to the condensed consolidated interim financial statements which states that the Group incurred a loss of AED 62,055,829 for the six months period ended June 30, 2023 (June 30, 2022: AED 29,587,095), the current liabilities exceeded the current assets by AED 144,361,291 as at that date (December 31, 2022: AED 145,009,363), and failed to meet some of the financial covenants as per bank facility letters. As stated in Note 2, these events or conditions, along with other matters as set forth in that Note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

**Emphasis of matter**

We draw attention to Note 15 that states that the Group's Board of Directors resolved to offset the losses for the period amounting to AED 62,055,829 against voluntary reserve as at June 30, 2023. Our conclusion is not modified in respect of this matter.



**Independent auditor's report on review of condensed consolidated interim financial statements (continued)**

**Other matters**

The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on March 9, 2023 and included the following matters:

- 1) Material uncertainty related to going concern which states that the Group incurred a loss of AED 143,847,098 for the year ended December 31, 2022 and the accumulated losses of AED 87,523,797 was offset against the voluntary reserve as at 31 December 2022. The current liabilities exceeded the current assets by AED 145,009,363, and
- 2) Emphasis of Matter paragraph that states that the Group's Board of Directors resolved to offset the losses and/or the accumulated losses against voluntary reserve as at 31 December 2022.

Furthermore, the condensed consolidated interim financial information of the Group for the six months period ended June 30, 2022 were reviewed by the other auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on August 11, 2022.

For, Crowe Mak

A handwritten signature in blue ink that reads "K. Mahmood".

Khalid Mehmood Chaudhry

Senior Partner

Registration Number: 635

Dubai, U.A.E.

August 10, 2023


Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates

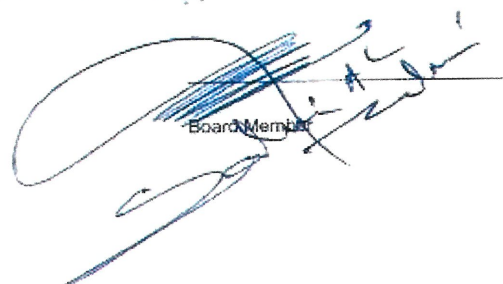
Condensed consolidated interim statement of financial position as at June 30, 2023 (Unaudited)  
In Arab Emirates Dirham

|  | Notes | June 30, 2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|--|-------|------------------------------|-----------------------------------|
| <b>Assets</b>                            |       |                              |                                   |
| <i>Non-current assets</i>                |       |                              |                                   |
| Property, plant and equipment            | 5     | 1,095,024,930                | 1,122,192,578                     |
| Intangible assets                        | 6     | 185,771                      | 210,722                           |
| Right-of-use assets                      | 8     | 94,774,440                   | 99,778,553                        |
| <b>Total non-current assets</b>          |       | <b>1,189,985,141</b>         | <b>1,222,181,853</b>              |
| <i>Current assets</i>                    |       |                              |                                   |
| Inventories                              | 9     | 282,290,640                  | 252,179,167                       |
| Trade receivables                        | 10    | 64,836,663                   | 60,983,308                        |
| Advances, deposits and other receivables | 11    | 10,313,656                   | 8,166,430                         |
| Cash and bank balances                   | 12    | 7,882,756                    | 1,323,554                         |
| <b>Total current assets</b>              |       | <b>365,323,715</b>           | <b>322,652,459</b>                |
| <b>Total assets</b>                      |       | <b>1,555,308,856</b>         | <b>1,544,834,312</b>              |
| <b>Equity and liabilities</b>            |       |                              |                                   |
| <i>Equity</i>                            |       |                              |                                   |
| Share capital                            | 13    | 355,865,320                  | 355,865,320                       |
| Statutory reserve                        | 14    | 161,750,412                  | 161,750,412                       |
| Revaluation reserve                      |       | 34,747,500                   | 34,747,500                        |
| Voluntary reserve                        | 15    | 72,956,376                   | 135,012,206                       |
| Retained earnings / Accumulated losses   | 16    | -                            | -                                 |
| <b>Total equity</b>                      |       | <b>625,319,608</b>           | <b>687,375,437</b>                |
| <i>Non-current liabilities</i>           |       |                              |                                   |
| Lease liabilities                        | 8     | 113,083,529                  | 112,705,265                       |
| Bank borrowings                          | 17    | 285,850,535                  | 234,038,621                       |
| Employees' end of service benefits       | 18    | 11,489,390                   | 13,081,321                        |
| Trade and other payables                 | 19    | 9,880,788                    | 29,971,846                        |
| <b>Total non-current liabilities</b>     |       | <b>420,304,242</b>           | <b>389,797,053</b>                |
| <i>Current liabilities</i>               |       |                              |                                   |
| Lease liabilities                        | 8     | 29,710,915                   | 28,849,674                        |
| Bank borrowings                          | 17    | 234,835,147                  | 329,963,126                       |
| Trade and other payables                 | 19    | 245,138,944                  | 108,849,022                       |
| <b>Total current liabilities</b>         |       | <b>509,685,006</b>           | <b>467,661,822</b>                |
| <b>Total liabilities</b>                 |       | <b>929,989,248</b>           | <b>857,458,875</b>                |
| <b>Total equity and liabilities</b>      |       | <b>1,555,308,856</b>         | <b>1,544,834,312</b>              |

The accompanying notes form an integral part of these condensed consolidated interim financial statements.  
The review report of the auditor is set out on pages 4 and 5.

The condensed consolidated interim financial statements on pages 6 to 19 were approved on August 10, 2023 and signed on behalf of the Group by:

  
 Sheikh Mohammed Bin Hamad Saif Al Sharqi  
 Chairman

  
 Board Member



Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates

Condensed consolidated interim statement of profit or loss and other comprehensive income for the six months period ended June 30, 2023 (Unaudited)  
In Arab Emirates Dirham

|  | Notes | Six months period ended<br>June 30, |                     | Three months period ended<br>June 30, |                     |
|--|-------|-------------------------------------|---------------------|---------------------------------------|---------------------|
|  |       | 2023<br>(Unaudited)                 | 2022<br>(Unaudited) | 2023<br>(Unaudited)                   | 2022<br>(Unaudited) |
| Revenue  | 20    | 179,835,861                         | 176,315,568         | 92,106,826                            | 88,699,485          |
| Cost of sales                                  |       | (201,336,935)                       | (182,722,222)       | (106,834,175)                         | (92,675,824)        |
| Gross loss                                     |       | (21,501,074)                        | (6,406,654)         | (14,727,349)                          | (3,976,339)         |
| Other income                                   |       | 1,656,395                           | 1,715,088           | 864,003                               | 430,876             |
| Selling and distribution expenses              |       | (15,115,796)                        | (6,611,482)         | (8,506,642)                           | (1,540,283)         |
| General and administrative expenses            |       | (6,299,244)                         | (5,838,476)         | (3,181,121)                           | (2,840,741)         |
| Finance costs - bank borrowings                |       | (18,831,729)                        | (10,367,717)        | (9,220,836)                           | (5,212,766)         |
| Finance costs - lease liabilities              |       | (1,964,381)                         | (2,077,854)         | (963,575)                             | (1,031,559)         |
| <b>Net loss for the period</b>                 |       | <b>(62,055,829)</b>                 | <b>(29,587,095)</b> | <b>(35,735,520)</b>                   | <b>(14,170,812)</b> |
| Other comprehensive income                     |       | -                                   | -                   | -                                     | -                   |
| <b>Total comprehensive loss for the period</b> |       | <b>(62,055,829)</b>                 | <b>(29,587,095)</b> | <b>(35,735,520)</b>                   | <b>(14,170,812)</b> |
| <b>Basic loss per share</b>                    | 21    | <b>(0.174)</b>                      | <b>(0.083)</b>      | <b>(0.100)</b>                        | <b>(0.040)</b>      |

The accompanying notes form an integral part of these condensed consolidated interim financial statements.  
The review report of the auditor is set out on pages 4 and 5.

Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates

Condensed consolidated interim statement of changes in equity for the six months period ended June 30, 2023 (Unaudited)  
In Arab Emirates Dirham

|   | Share capital             | Statutory reserve         | Revaluation reserve      | Voluntary reserve        | Retained earnings / Accumulated losses | Total equity              |
|---|---------------------------|---------------------------|--------------------------|--------------------------|--|---------------------------|
| Balance as at December 31, 2021 (Audited)                   | 355,865,320               | 161,750,412               | 34,747,500               | 222,536,002              | 56,323,301                             | 831,222,535               |
| (Loss) for the period                                       | -                         | -                         | -                        | -                        | (29,587,095)                           | (29,587,095)              |
| Balance as at June 30, 2022 (Unaudited)                     | <u>355,865,320</u>        | <u>161,750,412</u>        | <u>34,747,500</u>        | <u>222,536,002</u>       | <u>26,736,206</u>                      | <u>801,635,440</u>        |
| Balance as at December 31, 2022 (Audited)                   | 355,865,320               | 161,750,412               | 34,747,500               | 135,012,205              | -                                      | 687,375,437               |
| (Loss) for the period                                       | -                         | -                         | -                        | -                        | (62,055,829)                           | (62,055,829)              |
| Offsetting of loss for the period against voluntary reserve | -                         | -                         | -                        | (62,055,829)             | 62,055,829                             | -                         |
| <b>Balance as at June 30, 2023 (Unaudited)</b>              | <u><b>355,865,320</b></u> | <u><b>161,750,412</b></u> | <u><b>34,747,500</b></u> | <u><b>72,956,376</b></u> | <u><b>-</b></u>                        | <u><b>625,319,608</b></u> |

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

The review report of the auditor is set out on pages 4 and 5.

Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates

Condensed consolidated interim statement of cash flows for the six months period ended June 30, 2023  
(Unaudited)

In Arab Emirates Dirham

|   | Six months period ended June 30, |                         |
|---|----------------------------------|-------------------------|
|   | 2023<br>(Unaudited)              | 2022<br>(Unaudited)     |
| <b>Cash flows from operating activities</b>         |                                  |                         |
| Net loss for the period                             | (62,055,829)                     | (29,587,095)            |
| <i>Adjustments for:</i>                             |                                  |                         |
| Depreciation on property, plant and equipment       | 28,536,453                       | 27,785,187              |
| Depreciation on right-of-use assets                 | 5,071,755                        | 5,015,478               |
| Amortization of intangible assets                   | 24,951                           | 13,843                  |
| Finance costs - bank borrowings                     | 18,831,729                       | 10,367,717              |
| Finance costs - lease liabilities                   | 1,964,381                        | 2,077,854               |
| Provision for employees' end of service benefits    | 827,272                          | 747,445                 |
|   | <u>(6,799,288)</u>               | <u>16,420,429</u>       |
| <i>(Increase) / decrease in current assets</i>      |                                  |                         |
| Inventories   | (30,111,473)                     | (14,280,025)            |
| Trade receivables                                   | (3,853,355)                      | 15,671,151              |
| Advances, deposits and other receivables            | (2,147,226)                      | (9,488,031)             |
| <i>Increase / (decrease) in current liabilities</i> |                                  |                         |
| Trade and other payables                            | 114,549,281                      | 16,271,317              |
| <b>Cash generated from operations</b>               | <u>71,637,939</u>                | <u>24,594,841</u>       |
| Employees' end-of-services benefits paid            | (2,419,203)                      | (2,024,636)             |
| <b>Net cash generated from operating activities</b> | <u>69,218,736</u>                | <u>22,570,205</u>       |
| <b>Cash flows from investing activities</b>         |                                  |                         |
| Purchase of property, plant and equipment           | (1,368,805)                      | (7,744,128)             |
| <b>Net cash (used) in investing activities</b>      | <u>(1,436,447)</u>               | <u>(7,744,128)</u>      |
| <b>Cash flows from financing activities</b>         |                                  |                         |
| Proceeds from term loans                            | 75,042,866                       | -                       |
| Repayment of term loans                             | (14,428,561)                     | (12,138,563)            |
| (Repayment) / proceeds of other bank borrowings     | (103,930,370)                    | 9,263,458               |
| Finance cost paid on bank borrowings                | (17,182,146)                     | (10,835,819)            |
| Repayment of lease liabilities                      | (536,753)                        | (414,501)               |
| Payment of interest on lease liabilities            | (255,765)                        | (275,143)               |
| <b>Net cash (used) in financing activities</b>      | <u>(61,223,087)</u>              | <u>(14,400,568)</u>     |
| <b>Net increase in cash and cash equivalents</b>    | <u>6,559,202</u>                 | <u>425,509</u>          |
| Cash and cash equivalents, beginning of the period  | 1,323,554                        | 723,106                 |
| <b>Cash and cash equivalents, end of the period</b> | <u><u>7,882,756</u></u>          | <u><u>1,148,615</u></u> |
| <b>Cash and cash equivalents</b>                    |                                  |                         |
| Cash in hand  | 235,032                          | 150,380                 |
| Cash at banks                                       | 7,647,724                        | 998,235                 |
|   | <u><u>7,882,756</u></u>          | <u><u>1,148,615</u></u> |

The accompanying notes form an integral part of these condensed consolidated interim financial statements.  
The review report of the auditor is set out on pages 4 and 5.

**Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates**

**Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023  
(Unaudited)**

**1 Legal status and business activities**

- 1.1 Fujairah Cement Industries PJSC - Fujairah (the "Parent Entity") is a public joint stock company incorporated in the Emirate of Fujairah - United Arab Emirates by an Amiri Decree issued by His Highness the Ruler of Fujairah on December 20, 1979. The Parent Entity's ordinary shares are listed in the Abu Dhabi Securities Exchange.
- 1.2 The principal activities of Parent Entity and its subsidiary (collectively referred to as the "Group") are clinkers and hydraulic cement manufacturing, ready - mix and dry - mix concrete and mortars manufacturing, exporting and sand and pebble mines operation - crushers.
- 1.3 The Parent Entity is domiciled in Fujairah and its registered address is P.O. Box: 600, Fujairah - United Arab Emirates.
- 1.4 The management is vested with Mr. Saeed Ahmed Ghareib Howaishil Alsereidi, General Manager, Emirati National and control is vested with the Board of Directors.
- 1.5 These condensed consolidated interim financial statements incorporate the operating results of the industrial license no. 80001.
- 1.6 These condensed consolidated interim financial statements of the Parent Entity as at and for the period ended June 30, 2023 comprise the Parent Entity and its subsidiary. The details of the subsidiary is as follows.

| Name of subsidiary                     | Country of incorporation | Principal activities               | Commercial license no. | Legal and effective interests |               |
|--|--------------------------|------------------------------------|------------------------|-------------------------------|---------------|
|  |                          |                                    |                        | June 2023                     | December 2022 |
| Fujairah Cement Industries P.J.S.C FZE | United Arab Emirates     | Ready mixed concrete manufacturing | 4203                   | 100%                          | 100%          |

**2 Going concern**

These condensed consolidated interim financial statements have been prepared under the going concern basis despite the fact that, as at the period ended 30 June 2023, the Group has incurred a loss of AED 62,055,829, the current liabilities exceeded the current assets by AED 144,361,291 and failed to meet some of the financial covenants as per bank facility letters. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

The major challenges during the period were the higher production cost due to the rising coal and fuel prices. In response to these challenges, the Group's management was able to increase the rate of cement in both local and international markets. The management is also exploring to enter other markets outside UAE to maximize the capacity utilization.

Management believes that the above actions and the feasibility of future plans by the Board of Directors will improve its ability to generate future profits and cash flows and continue its operations in the foreseeable future. Hence, the accompanying condensed consolidated interim financial statements have been prepared on a going concern basis.

**3 Basis of preparation**

**3.1 Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' and is presented in Arab Emirates Dirham (AED) which is the functional currency of the Group.

These condensed consolidated interim financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation adopted in preparing these condensed consolidated interim financial statements are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2022 which are the latest audited consolidated financial statements available.

All aspects of the financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended December 31, 2022.

### **3 Basis of preparation (continued)**

#### **3.1 Statement of compliance (continued)**

These condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022.

The condensed result for the six months period ended June 30, 2023 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2023.

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

In preparing this condensed consolidated interim 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 December 31, 2022.

#### **3.2 Basis of consolidation**

The condensed consolidated interim financial statements consolidate the unaudited interim financial statements of the subsidiary referred to in Note 1.6, on line by line basis, with unaudited financial statements of the Parent Entity for the period. All significant inter group investments, receivables, payables and other such transactions are eliminated on consolidation.

### **4 Significant accounting policies**

The accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022. Certain amendments to accounting standards and annual improvements, as disclosed in the Group's most recent annual consolidated financial statements for the year ended December 31, 2022, are applicable to the Group but do not have any material impact on these condensed consolidated interim financial statements.

Fujairah Cement Industries PJSC and its subsidiary  
Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial statements for the six months period ended June 30, 2023 (Unaudited)  
In Arab Emirates Dirham

5 Property, plant and equipment

|   | Land              | Factory buildings and leasehold improvements | Plant and machinery  | Furniture and fixtures | Vehicles and mobile plant | Tools and equipment | Quarry assets     | Factory civil structures | Capital work in progress | Total                |
|---|-------------------|--|----------------------|------------------------|---------------------------|---------------------|-------------------|--------------------------|--------------------------|----------------------|
| <b>Cost</b>   |                   |  |                      |                        |                           |                     |                   |                          |                          |                      |
| As at December 31, 2021 (Audited)                     | 34,997,500        | 30,712,750                                   | 2,031,544,356        | 4,388,925              | 27,032,732                | 13,241,361          | 31,949,125        | 129,286,686              | 24,804,677               | 2,327,958,112        |
| Additions during the year                             | -                 | -  | 1,994,475            | 4,854                  | 178,000                   | 75,599              | -                 | -                        | 4,958,346                | 7,211,274            |
| Transfers   | -                 | 362,382                                      | 4,224,264            | 9,010                  | 11,727,129                | 209,410             | -                 | -                        | (16,532,195)             | -                    |
| Transfer to intangible assets                         | -                 | -  | -                    | -                      | -                         | -                   | -                 | -                        | (249,517)                | (249,517)            |
| Transfer from inventories                             | -                 | -  | 1,745,564            | -                      | -                         | -                   | -                 | -                        | 71,035                   | 1,816,599            |
| As at December 31, 2022 (Audited)                     | 34,997,500        | 31,075,132                                   | 2,039,508,659        | 4,402,789              | 38,937,861                | 13,526,370          | 31,949,125        | 129,286,686              | 13,052,346               | 2,336,736,468        |
| Additions during the period                           | -                 | -  | 940,142              | 10,006                 | 13,995                    | 38,496              | -                 | -                        | 366,166                  | 1,368,805            |
| Disposal during the period                            | -                 | -  | (349,349)            | -                      | -                         | -                   | -                 | -                        | -                        | (349,349)            |
| Transfers   | -                 | 713,000                                      | 605,065              | -                      | -                         | -                   | -                 | -                        | (1,318,065)              | -                    |
| Reclassification during the period                    | -                 | (1,075,382)                                  | -                    | -                      | -                         | -                   | -                 | 1,075,382                | -                        | -                    |
| <b>As at June 30, 2023 (Unaudited)</b>                | <b>34,997,500</b> | <b>30,712,750</b>                            | <b>2,040,704,517</b> | <b>4,412,795</b>       | <b>38,951,856</b>         | <b>13,564,866</b>   | <b>31,949,125</b> | <b>130,362,068</b>       | <b>12,100,447</b>        | <b>2,337,755,924</b> |
| <b>Accumulated depreciation</b>                       |                   |  |                      |                        |                           |                     |                   |                          |                          |                      |
| As at December 31, 2021 (Audited)                     | -                 | 16,256,628                                   | 1,037,156,231        | 3,657,682              | 24,505,823                | 13,102,863          | 25,825,203        | 37,827,563               | -                        | 1,158,331,993        |
| Charge for the year                                   | -                 | 791,393                                      | 47,142,912           | 250,727                | 2,884,618                 | 105,353             | 926,080           | 4,110,814                | -                        | 56,211,897           |
| As at December 31, 2022 (Audited)                     | -                 | 17,048,021                                   | 1,084,299,143        | 3,908,409              | 27,390,441                | 13,208,216          | 26,751,283        | 41,938,377               | -                        | 1,214,543,890        |
| Charge for the period                                 | -                 | 417,753                                      | 23,835,878           | 119,156                | 1,578,151                 | 67,068              | 463,041           | 2,055,406                | -                        | 28,536,453           |
| Reclassification during the period                    | -                 | (2,127,101)                                  | 278,501              | -                      | -                         | -                   | -                 | 1,848,600                | -                        | -                    |
| Disposal during the period                            | -                 | -  | (349,349)            | -                      | -                         | -                   | -                 | -                        | -                        | (349,349)            |
| <b>As at June 30, 2023 (Unaudited)</b>                | <b>-</b>          | <b>15,338,673</b>                            | <b>1,108,064,173</b> | <b>4,027,565</b>       | <b>28,968,592</b>         | <b>13,275,284</b>   | <b>27,214,324</b> | <b>45,842,383</b>        | <b>-</b>                 | <b>1,242,730,994</b> |
| <b>Carrying value as at June 30, 2023 (Unaudited)</b> | <b>34,997,500</b> | <b>15,374,077</b>                            | <b>932,640,344</b>   | <b>385,230</b>         | <b>9,983,264</b>          | <b>289,582</b>      | <b>4,734,801</b>  | <b>84,519,685</b>        | <b>12,100,447</b>        | <b>1,095,024,930</b> |
| Carrying value as at December 31, 2022 (Audited)      | 34,997,500        | 14,027,111                                   | 955,209,516          | 494,380                | 11,547,420                | 318,154             | 5,197,842         | 87,348,309               | 13,052,346               | 1,122,192,578        |

## 5 Properties, plant and equipment (continued)

### Notes:

- a) Land amounting to AED 34,997,500 is stated at fair value based on 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.
- b) Part of the factory buildings and improvements, factory civil structures and plant and machinery are constructed/erected on leased land obtained from the Dibba Municipality, Government of Fujairah.
- c) 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).
- d) Insurance policy covering movable assets is assigned in favor of a bank against bank borrowings (Note 17).
- e) 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).
- f) There is a registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 17) included in plant and machinery mentioned above.
- g) Depreciation is fully charged to cost of sales.
- h) Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period amounted to AED 355,660,620 (2022 : AED 354,785,226).
- i) Registered mortgage and assignment of a part of the insurance policy on equipment and heavy machinery located on plot no.2 at Dibba Al Fujairah with a value of AED 151,647,137 (Note 5).

## 6 Intangible assets

The carrying value of the intangible assets are as follows:

|   | <b>June 30, 2023</b> | December 31,    |
|---|----------------------|-----------------|
|   | <b>(Unaudited)</b>   | 2022            |
|   |                      | (Audited)       |
| Software  | <b>185,771</b>       | 210,722         |
|   | <b>185,771</b>       | 210,722         |
|   |                      | <b>Software</b> |
| <b>Cost</b>   |                      | <b>249,517</b>  |
| Transfer from capital work-in-progress                |                      | 249,517         |
| As at December 31, 2022 (Audited)                     |                      | <b>249,517</b>  |
| <b>As at June 30, 2023 (Unaudited)</b>                |                      | <b>249,517</b>  |
| <b>Accumulated amortisation</b>                       |                      |                 |
| Charge for the year                                   |                      | 38,795          |
| As at December 31, 2022 (Audited)                     |                      | 38,795          |
| Charge for the period                                 |                      | 24,951          |
| <b>As at June 30, 2023 (Unaudited)</b>                |                      | <b>63,746</b>   |
| <b>Carrying value as at June 30, 2023 (Unaudited)</b> |                      | <b>185,771</b>  |
| Carrying value as at December 31, 2022 (Audited)      |                      | 210,722         |

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**7 Related party transactions**

The Group enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24 'Related party disclosures'. Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions (except revenue related transactions) with third parties. Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

|  | June 30, 2023    | December 31,<br>2022 |
|--|------------------|----------------------|
|  | (Unaudited)      | (Audited)            |
| <b>a) Due from related parties</b>                                     |                  |                      |
| Balances due from related parties (included in trade receivables)      | 1,403,224        | 1,820,532            |
|  | <u>1,403,224</u> | <u>1,820,532</u>     |
| <b>b) Due to related parties</b>                                       |                  |                      |
| Balances due to related parties (included in trade and other payables) | 545,000          | 242,432              |
|  | <u>545,000</u>   | <u>242,432</u>       |

**c) Transactions with related parties**

The nature of significant related party transactions and the amounts involved were as follows:

|   | Six months period ended June 30, |             | Three months period ended June 30, |             |
|---|----------------------------------|-------------|------------------------------------|-------------|
|   | 2023                             | 2022        | 2023                               | 2022        |
|   | (Unaudited)                      | (Unaudited) | (Unaudited)                        | (Unaudited) |
| Sales   | 1,778,734                        | 1,627,850   | 722,675                            | 871,916     |
| Purchases/service contracts                                 | 285,304                          | 556,732     | 135,000                            | 324,275     |
| Construction of property, plant and equipment               | 315,000                          | 490,293     | -                                  | 470,868     |
| <b>d) Key management personnel compensations</b>            |                                  |             |                                    |             |
| The compensation of key management personnel is as follows: |                                  |             |                                    |             |
| Salaries and other benefits of key management staff         | 1,491,251                        | 1,685,646   | 659,733                            | 814,007     |

**8 Leases**

**a) Right-of-use assets**

The carrying value of the right-of-use assets is as follows:

|  | Vehicles and<br>plots of land |
|--|-------------------------------|
| <b>Cost</b>                            |                               |
| As at December 31, 2021 (Audited)      | 138,897,679                   |
| Additions during the year              | 315,953                       |
| As at December 31, 2022 (Audited)      | 139,213,632                   |
| Additions during the period            | 67,642                        |
| <b>As at June 30, 2023 (Unaudited)</b> | <u>139,281,274</u>            |



| 8 Leases (continued)   | <u>Vehicles and plots of land</u> |                          |
|--|-----------------------------------|--------------------------|
| <b>Accumulated depreciation</b>  |                                   |                          |
| As at December 31, 2021 (Audited)  |                                   | 29,252,204               |
| Charge for the year  |                                   | 10,182,875               |
| As at December 31, 2022 (Audited)  |                                   | 39,435,079               |
| Charge for the period  |                                   | 5,071,755                |
| <b>As at June 30, 2023 (Unaudited)</b>   |                                   | <b>44,506,834</b>        |
| <b>Carrying value as at June 30, 2023 (Unaudited)</b>  |                                   | <b>94,774,440</b>        |
| Carrying value as at December 31, 2022 (Audited)   |                                   | 99,778,553               |
|  | <b>June 30, 2023</b>              | <b>December 31, 2022</b> |
| <b>b) Lease liabilities</b>  | <b>(Unaudited)</b>                | <b>(Audited)</b>         |
| Balance at the beginning of the period / year  | 141,554,939                       | 143,242,333              |
| Additions during the period / year   | 67,642                            | 315,953                  |
| Add: Interest charge during the period / year  | 1,964,381                         | 4,137,363                |
| Less: payments during the period / year  | (792,518)                         | (6,140,710)              |
| Balance at the end of the period / year  | <u>142,794,444</u>                | <u>141,554,939</u>       |
| <b>Comprising:</b>   |                                   |                          |
| Current portion  | 29,710,915                        | 28,849,674               |
| Non-current portion  | 113,083,529                       | 112,705,265              |
|  | <u>142,794,444</u>                | <u>141,554,939</u>       |
| <b>9 Inventories</b>   |                                   |                          |
| Spare parts  | 126,126,493                       | 126,971,880              |
| Semi-finished products   | 88,715,226                        | 56,671,485               |
| Burning media  | 65,899,971                        | 75,099,758               |
| Raw materials  | 11,415,859                        | 16,056,468               |
| Finished products  | 3,321,636                         | 3,383,164                |
| Bags and packing materials   | 679,027                           | 735,336                  |
|  | <u>296,158,212</u>                | <u>278,918,091</u>       |
| Less: Allowance for slow moving inventories  | <u>(26,816,605)</u>               | <u>(26,816,605)</u>      |
|  | 269,341,607                       | 252,101,486              |
| Inventories in transit   | 12,949,033                        | 77,681                   |
|  | <u>282,290,640</u>                | <u>252,179,167</u>       |
| <i>Movement in allowance for slow moving inventories as at reporting date is as follows:</i> |                                   |                          |
| Balance at the beginning of the period / year  | 26,816,605                        | 20,702,113               |
| Charge during the period / year  | -                                 | 6,114,492                |
| Balance at the end of the period / year  | <u>26,816,605</u>                 | <u>26,816,605</u>        |

Insurance policy against the inventories is assigned against bank borrowings. (Note 17).

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| <b>10 Trade receivables</b>                | <b>June 30, 2023</b>     | <b>December 31, 2022</b> |
|--|--------------------------|--------------------------|
|  | <b>(Unaudited)</b>       | <b>(Audited)</b>         |
| Trade receivables                          | 117,549,325              | 113,695,970              |
| Less: Allowance for expected credit losses | <b>(52,712,662)</b>      | <b>(52,712,662)</b>      |
|  | <b><u>64,836,663</u></b> | <b><u>60,983,308</u></b> |

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

**11 Advances, deposits and other receivables**

|                          |                          |                         |
|--------------------------|--------------------------|-------------------------|
| VAT receivable-net       | 4,184,969                | 4,559,553               |
| Prepayments              | 3,519,885                | 858,554                 |
| Advances to suppliers    | 1,515,105                | 1,889,916               |
| Deposits                 | 467,001                  | 476,001                 |
| Staff loans and advances | 86,504                   | 69,268                  |
| Other receivables        | 540,192                  | 313,138                 |
|                          | <b><u>10,313,656</u></b> | <b><u>8,166,430</u></b> |

**12 Cash and bank balances**

|               |                         |                         |
|---------------|-------------------------|-------------------------|
| Cash in hand  | 235,032                 | 117,415                 |
| Cash at banks | 7,647,724               | 1,206,139               |
|               | <b><u>7,882,756</u></b> | <b><u>1,323,554</u></b> |

The bank balances are also subject to impairment requirements of IFRS 9, however, balances with banks are assessed to have low credit risk of default.

**13 Share capital**

Authorised, issued and paid up capital of the Parent Entity is AED 355,865,320 divided into 355,865,320 shares of AED 1 each fully paid.

**14 Statutory reserve**

|   |                           |                           |
|---|---------------------------|---------------------------|
| Balance at the beginning of the period / year | <b><u>161,750,412</u></b> | <b><u>161,750,412</u></b> |
| Balance at the end of the period / year       | <b><u>161,750,412</u></b> | <b><u>161,750,412</u></b> |

According to the Articles of Association of the Parent Entity and UAE Federal Law No. 32 of 2021, 10% of annual net profits is allocated to the statutory reserve. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid up capital. In the current period, since the Group has incurred loss no transfer has been made. This reserve is not available for distribution.

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| 15 Voluntary reserve   | June 30, 2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|--|------------------------------|-----------------------------------|
| Balance at the beginning of the period / year  | 135,012,205                  | 222,536,002                       |
| Offsetting of loss for the period / year   | <u>(62,055,829)</u>          | <u>(87,523,797)</u>               |
| Balance at the end of the period / year  | <u><u>72,956,376</u></u>     | <u><u>135,012,205</u></u>         |
| <p>In prior years, 10% of the profits were appropriated to a voluntary reserve. As per Article 59 of the Articles of Association of the Parent Entity, the voluntary reserve may be used according to a resolution of the Board of Directors in the aspects that achieve the interests of the Parent Entity.</p> <p>The Board of Directors resolved to offset the losses and/or the accumulated losses of the Group against the voluntary reserve as at December 31, 2022, and thereafter in the future in the event that the Group is reporting losses.</p> |                              |                                   |
| <b>16 Retained earnings / Accumulated losses</b>   |                              |                                   |
| Balance at the beginning of the period / year  | -                            | 56,323,301                        |
| Net (loss) for the period / year   | <u>(62,055,829)</u>          | <u>(143,847,098)</u>              |
| Offsetting of loss for the period / year against voluntary reserve   | <u>62,055,829</u>            | <u>87,523,797</u>                 |
| Balance at the end of the period / year  | <u><u>-</u></u>              | <u><u>-</u></u>                   |
| <b>17 Bank borrowings</b>  |                              |                                   |
| <b>a) Bank - term borrowings:</b>  |                              |                                   |
| Balance at the beginning of the period / year  | 269,838,162                  | 253,585,059                       |
| Received during the period / year  | 75,042,866                   | 44,009,878                        |
| Repaid during the period / year  | <u>(14,428,561)</u>          | <u>(27,756,775)</u>               |
| <b>Total</b>   | <u><u>330,452,467</u></u>    | <u><u>269,838,162</u></u>         |
| Current portion of bank - term borrowings  | <u>44,601,932</u>            | <u>35,799,541</u>                 |
| Non-current portion of bank - term borrowings  | <u><u>285,850,535</u></u>    | <u><u>234,038,621</u></u>         |
| <b>b) Other bank borrowings:</b>   |                              |                                   |
| Trust receipts   | 71,988,028                   | 152,244,403                       |
| Short term loans   | 98,741,483                   | 110,000,000                       |
| Bank overdrafts  | <u>19,503,704</u>            | <u>31,919,182</u>                 |
|  | <u><u>190,233,215</u></u>    | <u><u>294,163,585</u></u>         |
| <b>c) Details of bank borrowings are as follows :</b>  |                              |                                   |
| <b>i) Non-current portion</b>  |                              |                                   |
| In the second year   | 83,153,793                   | 48,484,250                        |
| In the third to fifth year   | 176,255,862                  | 155,260,429                       |
| After five years   | <u>26,440,880</u>            | <u>30,293,942</u>                 |
| <b>Total</b>   | <u><u>285,850,535</u></u>    | <u><u>234,038,621</u></u>         |
| <b>ii) Current portion</b>   |                              |                                   |
| Bank borrowings  | 44,601,932                   | 35,799,541                        |
| Other bank borrowings  | <u>190,233,215</u>           | <u>294,163,585</u>                |
|  | <u><u>234,835,147</u></u>    | <u><u>329,963,126</u></u>         |
| <i>Bank borrowings are presented in condensed consolidated interim statement of financial position as:</i>   |                              |                                   |
| Current portion  | 234,835,147                  | 329,963,126                       |
| Non-current portion  | <u>285,850,535</u>           | <u>234,038,621</u>                |
|  | <u><u>520,685,682</u></u>    | <u><u>564,001,747</u></u>         |

## 17 Bank borrowings (continued)

### Securities:

- a). Registered charge over thermal power plant (including machinery) (Note 5).
- b). Registered chattel mortgage (to be executed) over the waste heat recovery based captive power plant expansion project (Note 5).
- c). Assignment of insurance policy for AED 437,363,133 covering factory on a pari passu basis (Note 5).
- d). Assignment of insurance policy for AED 236,891,000 covering the thermal power plant on a pari passu basis (Note 5).
- e). Assignment of insurance policy for AED 124,400,000 covering the waste heat recovery based captive power plant expansion project (Note 5).
- f). Assignment of insurance policies covering moveable assets on pari passu basis (Note 5).
- g). Assignment of leasehold rights (between the Group & Dibba Municipality) over the land on which the thermal power plant is located (Note 8).
- h). Registered mortgage and assignment of a part of the insurance policy on equipment and heavy machinery located on plot no.2 at Dibba Al Fujairah with a value of AED 151,647,137 (Note 5).
- i). Assignment of insurance policy over inventories on pari passu basis (Note 9).
- j). General assignments of trade receivables in favor of the bank (Note 10).
- k). Registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 5).
- l). Promissory note.

As at June 30, 2023, the Group failed to meet some of the financial covenants as per bank facility letters.

| 18 Employees' end of service benefits         | June 30, 2023<br><u>(Unaudited)</u> | December 31,<br>2022<br><u>(Audited)</u> |
|---|-------------------------------------|--|
| Balance at the beginning of the period / year | 13,081,321                          | 14,298,111                               |
| Add: charge for the period / year             | 827,272                             | 1,379,860                                |
| Less: paid during the period / year           | <u>(2,419,203)</u>                  | <u>(2,596,650)</u>                       |
| Balance at the end of the period / year       | <u>11,489,390</u>                   | <u>13,081,321</u>                        |

Amounts required to cover end of service indemnity at the condensed consolidated interim statement of financial position date are computed pursuant to the applicable labour law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

## 19 Trade and other payables

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| Trade payables          | 230,927,970        | 125,639,315        |
| Accrued expenses        | 8,330,410          | 4,948,265          |
| Advances from customers | 6,948,208          | 711,703            |
| Interest payable        | 4,461,241          | 2,811,657          |
| Dividends payable       | 3,158,634          | 3,944,983          |
| Other payables          | 1,193,269          | 764,945            |
|                         | <u>255,019,732</u> | <u>138,820,868</u> |

Trade and other payables are presented in condensed consolidated interim statement of financial position as:

|                     |                    |                    |
|---------------------|--------------------|--------------------|
| Current portion     | 245,138,944        | 108,849,022        |
| Non-current portion | 9,880,788          | 29,971,846         |
|                     | <u>255,019,732</u> | <u>138,820,868</u> |

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| 20 Revenue                                   | Six months period ended June 30, |                     | Three months period ended June 30, |                     |
|--|----------------------------------|---------------------|------------------------------------|---------------------|
|  | 2023<br>(Unaudited)              | 2022<br>(Unaudited) | 2023<br>(Unaudited)                | 2022<br>(Unaudited) |
| <i>Revenue recognized at a point in time</i> |                                  |                     |                                    |                     |
| <b>Sales:</b>                                |                                  |                     |                                    |                     |
| Within U.A.E.                                | 66,203,976                       | 60,212,845          | 23,522,028                         | 30,338,538          |
| Other GCC countries                          | 52,987,589                       | 13,754,680          | 22,837,218                         | 9,485,335           |
| Other countries                              | 60,644,296                       | 102,348,043         | 45,747,580                         | 48,875,612          |
|  | <u>179,835,861</u>               | <u>176,315,568</u>  | <u>92,106,826</u>                  | <u>88,699,485</u>   |
| <b>21 Basic loss per share</b>               |                                  |                     |                                    |                     |
| Loss for the period (AED)                    | (62,055,829)                     | (29,587,095)        | (35,735,520)                       | (14,170,812)        |
| Weighted average number of shares            | <u>355,865,320</u>               | <u>355,865,320</u>  | <u>355,865,320</u>                 | <u>355,865,320</u>  |
| Basic loss per share (AED)                   | <u>(0.174)</u>                   | <u>(0.083)</u>      | <u>(0.100)</u>                     | <u>(0.040)</u>      |

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding at the end of the reporting period. The Group has not issued any instruments which would have a dilutive impact on earnings per share when exercised.

| 22 Contingencies and commitments                                 | June 30, 2023<br>(Unaudited) | December 31,<br>2022<br>(Audited) |
|--|------------------------------|-----------------------------------|
| Capital commitment for purchase of property, plant and equipment | <u>438,317</u>               | <u>497,817</u>                    |

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liabilities and commitments on Group's condensed consolidated interim financial statements as of reporting date.