

**Fujairah Cement Industries PJSC and its
subsidiary
Fujairah, United Arab Emirates
Independent auditor's review report and
condensed consolidated interim financial
statements
For the three months period ended March 31, 2024
(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

Principal office address : M 202, Umm Al Quwain National Bank Building
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Fujairah, United Arab Emirates
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website: www.fujairahcement.com

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Dibba, Fujairah, United Arab Emirates
T: +971 9 244 4011
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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 Alawadhi (Representative of Govt. Fujairah)	Emirati
	(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 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 (the 'Parent') 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 March 31, 2024.

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.

It was decided to cease the operations of the subsidiary by the Board of Directors at the meeting held on January 09, 2024, and the operations of the subsidiary has been discontinued completely from February 01, 2024 and accordingly the results of the subsidiary has been shown as discontinued operations in this condensed consolidated interim financial statements.

Financial review

The table below summarizes the results of three months period ended March 31, 2024 and March 31, 2023 denoted in Arab Emirates Dirham (AED).

	Three months period ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Continuing operations		
Revenue	278,594	84,735,078
Cost of sales	(373,444)	(90,739,595)
Gross loss	(94,850)	(6,004,517)
Gross loss %	-34.05%	-7.09%
Net loss	(37,364,339)	(25,007,562)
Net loss %	-13411.77%	-29.51%
Discontinued operations		
Revenue	519,047	2,993,957
Cost of sales	(878,428)	(3,763,165)
Gross loss	(359,381)	(769,208)
Gross loss %	-69.24%	-25.69%
Net loss	(977,513)	(1,312,747)
Net loss %	-188.33%	-43.85%
Basic and diluted loss per share from continuing operations	(0.105)	(0.070)
Basic and diluted loss per share from discontinued operations	(0.003)	(0.004)

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.

**Fujairah Cement Industries PJSC (the 'Parent') and its subsidiary
Fujairah - United Arab Emirates**

Directors' report (continued)

Going concern

These condensed consolidated interim financial statements have been prepared under the going concern basis for the three months period ended March 31, 2024, despite the fact that the Group has incurred a loss of AED 38,341,852, accumulated losses of AED 168,862,575 and the current liabilities exceeded the current assets by AED 344,631,361 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.

Management, together with newly appointed financial consultant, is conducting a strategic review of options and related working capital requirements to evaluate the resumption of the Group's operations. Hence, the accompanying condensed consolidated interim financial statements have been prepared on a going concern basis. However, the management of the Group had decided to cease the operations of the subsidiary and the results of the operations of the subsidiary have been disclosed as discontinued operations.

Events after period end

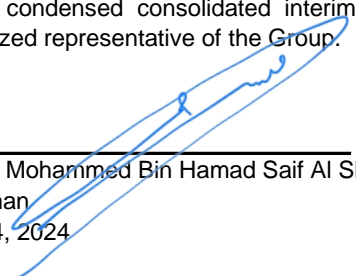
The Board of Directors resolved to temporarily suspend cement and clinker sales and production activities for 45 to 60 days, starting from January 01, 2024, due to a major refurbishment activity decided at the meeting held on December 19, 2023. This suspension was extended for an additional 60 days, starting from March 01, 2024, due to unforeseen technical delays, decided at the meeting held on February 19, 2024. At the Annual General Meeting held on April 25, 2024, the decision was made to further extend the temporary suspension of sales and production activities until further notice, effective from May 1, 2024, due to the Parent Entity's financial liquidity constraints.

Statement of Directors' responsibilities

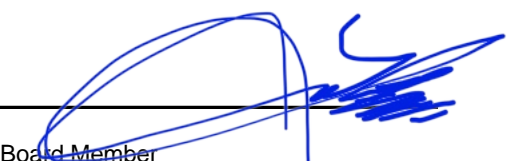
The applicable requirements require the Directors to prepare the condensed consolidated interim financial statements for each financial period which presents fairly in all material respects, the consolidated financial position of the Group and its consolidated financial performance for the period then ended.

The condensed consolidated interim financial statements for the period under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the consolidated financial position of the Group and enables them to ensure that the condensed consolidated interim financial statements comply with the requirements of applicable statute. The Directors also confirm that the accounting policies and methods of computation adopted in preparing these condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2023, which are the latest audited consolidated financial statements available, that reflect fairly the form and substance of the transactions carried out during the period under review and reasonably present the Group's financial conditions and results of its operations.

These condensed consolidated interim financial statements were approved by the Board and signed on behalf by the authorized representative of the Group.



Sheikh Mohammed Bin Hamad Saif Al Sharqi
Chairman
May 14, 2024



Board Member

Ref: BN/A2983/May 2024

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 **March 31, 2024**, 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 three 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.

Basis for Adverse Conclusion

1. We refer to Note 2 to the condensed consolidated interim financial statements which states that the Group incurred a loss of AED 38,341,852 for the three months period ended March 31, 2024 (March 31, 2023: AED 26,320,309 and December 31, 2023: AED 265,532,928), accumulated losses aggregated AED 168,862,575 (December 31, 2023: AED 130,520,723) and the current liabilities continue to exceed the current assets and were in excess by AED 344,631,361 as at that date (December 31, 2023: AED 304,875,684).

The Entity's inability to meet certain financial covenants as per bank facility letters continued in the three months period ended March 31, 2024.

Further, as explained in Note 2, during the period ended March 31, 2024, the Group's management suspended the operations of the plant and as at the date of this report, the operations remain suspended until further notice.

These events or conditions indicate that the use of going concern assumption in the preparation of these condensed consolidated interim financial statements continues to be not appropriate.

2. The Group incurred production idle costs of AED 24,075,115 for the three months period ended March 31, 2024. The Group has not estimated and accounted for further production idle costs for the period starting April 1, 2024, and until the date when the operations of the plant is expected to resume.

Adverse Conclusion

Our review indicates that, because of the significance of matters described in the 'Basis for Adverse Conclusion' paragraph above, these condensed consolidated interim financial statements do not presents fairly, in all material respects, the financial position of the Group as on March 31, 2024, and its financial performance and its cash flows for three months period then ended in accordance with IAS 34 'Interim Financial Reporting'.

For, Crowe Mak

Zayd Khalid Maniar
Registration Number: 579
Dubai, United Arab Emirates
May 14, 2024

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

**Condensed consolidated interim statement of financial position as at March 31, 2024 (Unaudited)
In Arab Emirates Dirham**

	<u>Notes</u>	March 31, 2024	December 31, 2023
		(Unaudited)	(Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	4	1,029,910,060	1,055,255,800
Intangible assets	5	-	-
Right-of-use assets	7	82,585,792	89,595,495
Total non-current assets		<u>1,112,495,852</u>	<u>1,144,851,295</u>
<i>Current assets</i>			
Inventories	8	127,955,932	128,449,618
Trade receivables	9	34,020,754	51,726,138
Advances, deposits and other receivables	10	8,561,446	9,195,373
Cash and bank balances	11	6,639,286	7,041,775
Net assets relating to discontinued operations	20	9,454,921	-
Total current assets		<u>186,632,339</u>	<u>196,412,904</u>
Total assets		<u>1,299,128,191</u>	<u>1,341,264,199</u>
Equity and liabilities			
<i>Equity</i>			
Share capital	12	355,865,320	355,865,320
Statutory reserve	13	161,750,412	161,750,412
Revaluation reserve		34,747,500	34,747,500
Voluntary reserve	14	-	-
Accumulated losses	15	(168,862,575)	(130,520,723)
Total equity		<u>383,500,657</u>	<u>421,842,509</u>
<i>Non-current liabilities</i>			
Lease liabilities	7	94,720,277	98,391,019
Bank borrowings	16	276,796,600	301,583,958
Employees' end of service benefits	17	5,660,931	10,073,845
Trade and other payables	18	7,186,026	8,084,280
Total non-current liabilities		<u>384,363,834</u>	<u>418,133,102</u>
<i>Current liabilities</i>			
Lease liabilities	7	39,974,145	40,812,593
Bank borrowings	16	256,368,520	230,131,635
Trade and other payables	18	234,921,035	230,344,360
Total current liabilities		<u>531,263,700</u>	<u>501,288,588</u>
Total liabilities		<u>915,627,534</u>	<u>919,421,690</u>
Total equity and liabilities		<u>1,299,128,191</u>	<u>1,341,264,199</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 page 4.

The condensed consolidated interim financial statements on pages 6 to 20 were approved on May 14, 2024 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 three months period ended March 31, 2024 (Unaudited)
In Arab Emirates Dirham**

	Notes	Three months period ended March 31,	
		2024 (Unaudited)	2023 (Unaudited)
Continuing operations			
Revenue	19	278,594	84,735,078
Cost of sales		(373,444)	(90,739,595)
Gross loss		(94,850)	(6,004,517)
Other income		243,282	792,392
Selling and distribution expenses		(577,099)	(6,609,154)
General and administrative expenses		(2,154,691)	(2,619,090)
Production idle cost		(24,075,115)	-
Finance costs - bank borrowings		(9,807,858)	(9,602,248)
Finance costs - lease liabilities		(898,008)	(964,945)
Loss for the period from continuing operations		(37,364,339)	(25,007,562)
Discontinued operations			
Loss for the period from discontinued operations	20	(977,513)	(1,312,747)
Net loss for the period		(38,341,852)	(26,320,309)
Other comprehensive loss		-	-
Total comprehensive loss for the period		(38,341,852)	(26,320,309)
Total comprehensive loss for the period attributable to:			
Owners of the Group		(38,341,852)	(26,320,309)
Total comprehensive loss for the period		(38,341,852)	(26,320,309)
Basic and diluted loss per share from continuing operations	21	(0.105)	(0.070)
Basic and diluted loss per share from discontinued operations	21	(0.003)	(0.004)

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

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

Condensed consolidated interim statement of changes in equity for the three months period ended March 31, 2024 (Unaudited)
In Arab Emirates Dirham

	Share capital	Statutory reserve	Revaluation reserve	Voluntary reserve	Accumulated losses	Attributable to owners of the Group	Total equity
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	-	-	-	-	(26,320,309)	-	(26,320,309)
Offsetting of loss for the period against voluntary reserve	-	-	-	(26,320,309)	26,320,309	-	-
Balance as at March 31, 2023 (Unaudited)	<u>355,865,320</u>	<u>161,750,412</u>	<u>34,747,500</u>	<u>108,691,896</u>	<u>-</u>	<u>-</u>	<u>661,055,128</u>
Balance as at December 31, 2023 (Audited)	355,865,320	161,750,412	34,747,500	-	(130,520,723)	421,842,509	421,842,509
(Loss) for the period from continuing operations	-	-	-	-	(37,364,339)	(37,364,339)	(37,364,339)
(Loss) for the period from discontinued operations	-	-	-	-	(977,513)	(977,513)	(977,513)
Balance as at March 31, 2024 (Unaudited)	<u>355,865,320</u>	<u>161,750,412</u>	<u>34,747,500</u>	<u>-</u>	<u>(168,862,575)</u>	<u>383,500,657</u>	<u>383,500,657</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 page 4.

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

**Condensed consolidated interim statement of cash flows for the three months period ended March 31, 2024
(Unaudited)**

In Arab Emirates Dirham

	Three months period ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss for the period from continuing operations	(37,364,339)	(25,007,562)
Loss for the period from discontinued operations	(977,513)	(1,312,747)
<i>Adjustments for:</i>		
(Gains) on sale of property, plant and equipment	(40,000)	-
Depreciation on property, plant and equipment	13,583,289	14,319,102
Depreciation on right-of-use assets	2,418,437	2,507,817
Amortization of intangible assets	-	12,476
Finance costs - bank borrowings	9,813,192	9,610,893
Finance costs - lease liabilities	929,669	1,000,806
Provision for employees' end of service benefits	210,429	381,228
	(11,426,836)	1,512,013
<i>(Increase) / decrease in current assets</i>		
Inventories	110,413	(45,925,103)
Trade receivables	15,438,095	(2,520,239)
Advances, deposits and other receivables	(949,093)	(988,690)
Trade and other payables	2,313,063	91,542,151
Cash generated from operations	5,485,642	43,620,132
Employees' end-of-services benefits paid	(4,586,740)	(252,651)
Net cash generated from operating activities	898,902	43,367,481
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(1,281,185)
Gain on termination of lease liability	(5,196)	-
Proceeds from disposal of property, plant and equipment	40,000	-
Net cash from / (used) in investing activities	34,804	(1,281,185)
Cash flows from financing activities		
Proceeds from term loans	-	10,000,000
Repayment of term loans	(158,922)	(7,561,911)
Net (payment) / receipts in trust receipts and overdrafts	1,608,449	(36,615,047)
Finance cost paid on bank borrowings	(1,787,373)	(7,737,246)
Repayment of lease liabilities	(171,021)	(170,763)
Payment of interest on lease liabilities	(31,661)	(35,861)
Net cash (used) in financing activities	(540,528)	(42,120,828)
Net increase / (decrease) in cash and cash equivalents	393,178	(34,532)
Cash and cash equivalents, beginning of the period	7,041,775	1,323,554
Cash and cash equivalents, end of the period	7,434,953	1,289,022
Cash and cash equivalents included in discontinued operations	(795,667)	-
Cash and cash equivalents for continuing operations	6,639,286	1,289,022
Cash and cash equivalents		
Cash in hand	334,964	170,941
Cash at banks	6,304,322	1,118,081
	6,639,286	1,289,022

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

The review report of the auditor is set out on page 4.

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

**Notes to the condensed consolidated interim financial statements for the three months period ended March 31, 2024
(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 controls are 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 March 31, 2024 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	
				March 2024	December 2023
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 for the three months period ended March 31, 2024, despite the fact that the Group has incurred a loss of AED 38,341,852, accumulated losses of AED 168,862,575 and the current liabilities exceeded the current assets by AED 344,631,361.

Additionally, the Board of Directors resolved to temporarily suspend cement and clinker sales for 45 to 60 days, starting from January 01, 2024, due to a major refurbishment activity decided at the meeting held on December 19, 2023 meeting. This suspension was extended for an additional 60 days, starting from March 01, 2024, due to unforeseen technical delays decided at the meeting held on February 19, 2024 meeting. At the Annual General Meeting on April 25, 2024, the decision was made to further extend the temporary suspension of sales and production activities until further notice, effective from May 1, 2024, due to the Parent Entity's financial liquidity constraints. The Board of Directors, at the meeting held on 09 January 2024, had resolved to terminate the operations of the subsidiary with effect from 01 February 2024. The results for the period and balances as of March 31, 2024 related to the subsidiary are disclosed as discontinued operations.

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.

Management, together with newly appointed financial consultant, is engaged in conducting a strategic review of options and related working capital requirements to evaluate the resumption of the Group's operations. Hence, the accompanying condensed consolidated interim financial statements have been prepared on a going concern basis. However, the management of the Group had decided to cease the operations of the subsidiary and the results of the operations of the subsidiary have been disclosed as discontinued operations.

3 Material accounting policy information

3.1 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, 2023 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, 2023.

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, 2023.

The condensed result for the three months period ended March 31, 2024 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2024.

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, 2023.

Except as described below, 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, 2023. 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, 2023, are applicable to the Group but do not have any material impact on these condensed consolidated interim financial statements.

Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, property, plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

Corporate Tax

The income tax expense for the period is the tax payable on the estimated average annual tax rate applied on current period's taxable profits. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

3 Material accounting policy information

3.1 Basis of preparation (continued)

Corporate Tax (Continued)

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled.

As per the Group's assessment, there is no deferred tax impact on account of the CT Law in the condensed interim financial statements for the period ended 31 March 2024. However, the Group will continue to monitor the publication of subsequent decisions and related guidelines, as well as continuing its more detailed review of its financial matters, to consider any changes to this position at subsequent reporting dates.

3.2 Basis of consolidation

The condensed consolidated interim financial statements consolidate the unaudited interim financial statements of the subsidiary referred to in Note 1.8, on line by line basis, with the unaudited interim financial statements of the Parent Entity for the period. All significant inter group investments, receivables, payables and other such transactions are eliminated on consolidation.

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

Notes to the condensed consolidated interim financial statements for the three months period ended March 31, 2024 (Unaudited)
In Arab Emirates Dirham

4 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
Cost										
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 year	-	-	940,142	33,989	279,426	105,939	-	-	1,552,506	2,912,002
Disposals during the year	-	-	(349,349)	-	(2,787,390)	-	-	-	-	(3,136,739)
Transfers	-	(362,382)	605,065	-	-	-	-	1,075,382	(1,318,065)	-
As at December 31, 2023 (Audited)	34,997,500	30,712,750	2,040,704,517	4,436,778	36,429,897	13,632,309	31,949,125	130,362,068	13,286,787	2,336,511,731
Disposal during the period	-	-	-	-	(210,500)	-	-	-	-	(210,500)
Transfers related to discontinued operations	-	-	(4,430,595)	(18,027)	(11,905,129)	(129,108)	-	(1,075,382)	(12,189,888)	(29,748,129)
As at March 31, 2024 (Unaudited)	34,997,500	30,712,750	2,036,273,922	4,418,751	24,314,268	13,503,201	31,949,125	129,286,686	1,096,899	2,306,553,102
Accumulated depreciation										
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
Disposal during the year	-	-	(349,349)	-	(2,787,390)	-	-	-	-	(3,136,739)
Depreciation expense	-	746,323	47,526,289	234,388	3,107,330	137,482	926,081	4,208,161	-	56,886,054
Transfers	-	(2,082,511)	278,501	-	-	-	-	1,804,010	-	-
Impairment	-	-	1,001,811	8,676	2,031,658	58,838	-	630,863	9,230,880	12,962,726
As at December 31, 2023 (Audited)	-	15,711,833	1,132,756,395	4,151,473	29,742,039	13,404,536	27,677,364	48,581,411	9,230,880	1,281,255,931
Charge for the period	-	186,581	11,765,779	55,209	289,269	24,351	231,521	1,030,578	-	13,583,289
Disposal during the period	-	-	-	-	(210,500)	-	-	-	-	(210,500)
Transfer of assets related to discontinued operations	-	-	(1,841,811)	(18,027)	(5,989,689)	(129,106)	-	(776,164)	(9,230,880)	(17,985,678)
As at March 31, 2024 (Unaudited)	-	15,898,414	1,142,680,363	4,188,655	23,831,119	13,299,781	27,908,885	48,835,825	-	1,276,643,042
Carrying value as at March 31, 2024 (Unaudited)	34,997,500	14,814,336	893,593,559	230,096	483,149	203,420	4,040,240	80,450,861	1,096,899	1,029,910,060
Carrying value as at December 31, 2023 (Audited)	34,997,500	15,000,917	907,948,122	285,305	6,687,858	227,773	4,271,761	81,780,657	4,055,907	1,055,255,800

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4 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 16).

d) Insurance policy covering movable assets is assigned in favor of a bank against bank borrowings (Note 16).

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 16).

f) There is a registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 16) included in plant and machinery mentioned above.

g) Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period amounted to AED 356,705,263 (2023 : AED 356,509,950).

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).

5 Intangible assets

December 31,
2023
(Audited)

Software

Cost

As at December 31, 2022 (Audited)

249,517

As at December 31, 2023 (Audited)

249,517

As at March 31, 2024 (Unaudited)

249,517

Accumulated amortisation

As at December 31, 2022 (Audited)

38,795

Charge for the year

49,903

Impairment

160,819

As at December 31, 2023 (Audited)

249,517

As at March 31, 2024 (Unaudited)

249,517

Carrying value as at March 31, 2024 (Unaudited)

-

Carrying value as at December 31, 2023 (Audited)

-

6 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.

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
a) Due from related parties		
Balances due from related parties (included in trade receivables)	627,388	1,261,378
	627,388	1,261,378
b) Due to related parties		
Balances due to related parties (included in trade and other payables)	473,750	480,000
	473,750	480,000

c) Transactions with related parties

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

	Three months period ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Sales	109,785	1,825,978
Purchases/service contracts	-	150,304
Construction of property, plant and equipment	-	315,000
d) Key management personnel compensations		
The compensation of key management personnel is as follows:		
Salaries and other benefits of key management staff	500,951	831,518

7 Leases

a) Right-of-use assets

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

Cost	Plots of land
As at December 31, 2022 (Audited)	139,213,632
Additions during the year	67,642
As at December 31, 2023 (Audited)	139,281,274
Termination during the year	(175,752)
Less: Transfers related to discontinued operations	(6,702,299)
As at March 31, 2024 (Unaudited)	132,403,223

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7 Leases (continued)	Plots of land	
Accumulated depreciation		
As at December 31, 2022 (Audited)		39,435,079
Charge for the year		10,250,700
As at December 31, 2023 (Audited)		49,685,779
Charge for the period		2,418,437
Less: Transfers related to discontinued operations		(2,286,785)
As at March 31, 2024 (Unaudited)		49,817,431
Carrying value as at March 31, 2024 (Unaudited)		82,585,792
Carrying value as at December 31, 2023 (Audited)		89,595,495
	March 31, 2024	December 31,
b) Lease liabilities	(Unaudited)	2023
		(Audited)
Balance at the beginning of the period / year	139,203,612	141,554,939
Additions during the period / year	-	67,642
Add: Interest charge during the period / year	929,669	3,879,862
Less: payments during the period / year	(202,681)	(6,298,831)
Less : terminated during the period	(180,949)	-
Less: Transfers related to discontinued operations	(5,055,229)	-
Balance at the end of the period / year	134,694,422	139,203,612
Comprising:		
Current portion	40,540,151	40,812,593
Transfers related to discontinued operations	(566,006)	-
Non-current portion	99,209,500	98,391,019
Transfers related to discontinued operations	(4,489,223)	-
	134,694,422	139,203,612
8 Inventories		
Spare parts	130,481,379	130,405,278
Semi-finished products	31,511,864	31,511,864
Burning media	60,907,988	60,969,167
Raw materials	10,135,524	10,271,537
Finished products	2,255,122	2,591,295
Bags and packing materials	591,913	598,218
	235,883,790	236,347,359
Less: Allowance for slow moving inventories	(110,516,529)	(110,516,529)
	125,367,261	125,830,830
Inventories in transit	2,588,671	2,618,788
	127,955,932	128,449,618
<i>Movement in allowance for slow moving inventories as at reporting date is as follows:</i>		
Balance at the beginning of the period / year	110,516,529	26,816,605
Charge during the period / year	-	83,699,924
Balance at the end of the period / year	110,516,529	110,516,529

Insurance policy against the inventories is assigned against bank borrowings. (Note 16).

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9 Trade receivables	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Trade receivables	90,351,194	109,759,851
Less: Allowance for expected credit losses	(56,330,440)	(58,033,713)
	<u>34,020,754</u>	<u>51,726,138</u>

Trade receivables are assigned against bank borrowings (Note 16).

10 Advances, deposits and other receivables

Advances to suppliers	3,652,629	3,627,331
VAT receivable-net	2,147,324	3,266,548
Prepayments	1,555,047	1,182,988
Deposits	382,001	467,001
Staff loans and advances	5,414	22,936
Other receivables	819,031	628,569
	<u>8,561,446</u>	<u>9,195,373</u>

11 Cash and bank balances

Cash at banks	6,304,322	6,562,260
Cash in hand	334,964	479,515
	<u>6,639,286</u>	<u>7,041,775</u>

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.

12 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.

13 Statutory reserve

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

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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14 Voluntary reserve	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	-	135,012,205
Offsetting of loss for the period / year	-	(135,012,205)
Balance at the end of the period / year	<u>-</u>	<u>-</u>

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.

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. The reserve has been completely utilized to offset the partial loss as on December 31, 2023.

15 Accumulated losses

Balance at the beginning of the period / year	(130,520,723)	-
Net (loss) for the period / year	(38,341,852)	(265,532,928)
Offsetting of loss for the period / year against voluntary reserve	-	135,012,205
Balance at the end of the period / year	<u>(168,862,575)</u>	<u>(130,520,723)</u>

16 Bank borrowings

a) Long - term borrowings:

Balance at the beginning of the period / year	376,948,178	269,838,162
Transfer from short term borrowings / received during the period / year	-	135,042,864
Repaid during the period / year	(158,922)	(27,932,848)
Total	<u>376,789,256</u>	<u>376,948,178</u>
Current portion of long - term borrowings	<u>99,992,656</u>	<u>75,364,220</u>
Non-current portion of long - term borrowings	<u>276,796,600</u>	<u>301,583,957</u>

b) Other bank borrowings:

Trust receipts	82,357,603	97,145,612
Short term loans	40,000,000	40,000,000
Bank overdrafts	34,018,261	17,621,803
	<u>156,375,864</u>	<u>154,767,415</u>

c) Details of bank borrowings are as follows :

i) Non-current portion

In the second year	106,932,432	108,689,432
In the third to fifth year	161,839,737	182,630,094
After five years	8,024,431	10,264,431
Total	<u>276,796,600</u>	<u>301,583,957</u>

ii) Current portion

Bank borrowings	99,992,656	75,364,220
Other bank borrowings	156,375,864	154,767,415
	<u>256,368,520</u>	<u>230,131,635</u>

Bank borrowings are presented in condensed consolidated interim statement of financial position as:

Current portion	256,368,520	230,131,635
Non-current portion	276,796,600	301,583,958
	<u>533,165,120</u>	<u>531,715,593</u>

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16 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 7).
- h). Assignment of insurance policy over inventories on pari passu basis (Note 8).
- i). General assignments of trade receivables in favor of the bank (Note 9).
- j). Registered mortgage and assignment of insurance policy over specific machinery upgraded (Note 5).
- k). Promissory note.

As at March 31, 2024, the Group failed to meet the below financial covenants as per bank facility letters.

Dubai Islamic Bank

- a). To maintain minimum tangible net worth of not less than AED 780 million.
- b). To maintain leverage ratio not exceeding 1.5:1 at all times.

Emirates NBD PJSC

- a). The ratio of EBITDA to debt services in respect of any relevant testing period shall not be less than 1.1 :1.

Natioanl bank of Fujairah

- a). To maintain leverage ratio not exceeding 1.5:1 or below.

Abudhabi Commercial Bank

- a). Tangible net worth must not be less than AED 830 million.
- b). Total liabilities to tangible net worth ratio must not be more than 1.20:1.
- c). Total debt to EBITDA ratio must not be more than 8:1.

17 Employees' end of service benefits	March 31, 2024	December 31,
	(Unaudited)	2023
		(Audited)
Balance at the beginning of the period / year	10,073,845	13,081,321
Add: charge for the period / year	210,429	1,407,184
Less: paid during the period / year	(4,586,740)	(4,414,660)
Less: Transfers related to discontinued operations	(36,603)	-
Balance at the end of the period / year	5,660,931	10,073,845

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.

18 Trade and other payables

Trade payables	219,187,370	221,210,634
Interest payable	13,668,068	5,642,249
Accrued expenses	3,661,605	6,580,933
Dividends payable	3,158,634	3,158,634
Advances from customers	2,313,193	1,712,825
Other payables	118,191	123,365
Transfers related to discontinued operations	(8,501,019)	-
	242,107,061	238,428,640

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

Current portion	234,921,035	230,344,360
Non-current portion	7,186,026	8,084,280
	242,107,061	238,428,640

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19 Revenue	Three months period ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Revenue recognized at a point in time		
Sales:		
Within U.A.E.	81,265	42,681,948
Other GCC countries	197,330	30,150,371
Other countries	-	14,896,716
Transfers related to discontinued operations	-	(2,993,957)
	278,595	84,735,078

20 Discontinued operations

The Board of Directors has decided to terminate the operations of its 100% subsidiary Fujairah Cement Industries PJSC FZE which provides ready mixed concrete manufacturing services with effective from 01 February 2024, at the meeting held on 09 January 2024 and having registered office at Umm Al Qwain Bank Building, Mezzanine Floor-2(M2), Office No-203, Hamad Bin Abdulla Road, Fujairah, United Arab Emirates. Revenue and expenses, gains and losses relating to the discontinuation of this subsidiary have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the consolidated statement of profit or loss.

	Three months period ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Revenue	519,047	2,993,957
Cost of sales	(878,428)	(3,763,165)
Gross (loss) / profit	(359,381)	(769,208)
Other income	5,196	-
General and administrative expenses	(287,491)	(499,033)
Production Idle Cost During Stoppage	(298,841)	-
Finance costs - bank borrowings	(5,334)	(8,645)
Finance costs - lease liabilities	(31,662)	(35,861)
Net (loss) for the period from discontinued operations	(977,513)	(1,312,747)
Cash flows from discontinued operations		
Net cash outflows from operating activities	(176,122)	(1,260,061)
Net cash outflows from investing activities	-	(445,641)
Net cash inflows from financing activities	381,170	1,921,099
Net cash (outflows)	205,048	215,396

The carrying amounts of assets and liabilities in the discontinued operations are summarized as follows:

	March 31, 2024 (Unaudited)
Assets	
Property, plant and equipment	11,762,451
Right-of-use assets	4,415,514
Inventories	383,273
Trade receivables	2,267,289
Other receivables	1,583,020
Cash and bank balances	795,667
Liabilities	
Employees' end of service benefits	36,603
Lease liabilities	5,055,229
Trade and other payables	6,660,461
Net assets relating to discontinued operations	9,454,921

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21 Basic and diluted loss per share	Three months period ended March 31,	
	2024 (Unaudited)	2023 (Unaudited)
Continuing operations		
Loss for the period (AED)	(37,364,339)	(25,007,562)
Weighted average number of shares	355,865,320	355,865,320
Basic and diluted loss per share (AED)	(0.105)	(0.070)
Discontinued operations		
Loss for the period (AED)	(977,513)	(1,312,747)
Weighted average number of shares	355,865,320	355,865,320
Basic and diluted loss per share (AED)	(0.003)	(0.004)

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	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Capital commitment on capital work-in-progress	2,097,250	2,097,250

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.

23 Tax

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the "Law") to enact a Federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9% corporate tax rate.

Corporate tax expense are recognised based on management's estimate of the weighted average effective annual tax rate expected for the full financial year. The estimated average annual tax rate is based on estimation of the amount of profit and corporate tax expressed as a percentage of expected total annual earnings.

As per the Group's assessment, there is no current tax and deferred tax impact on account of the CT Law in the condensed consolidated interim financial statements for the period ended 31 March 2024. Amounts accrued for tax expense in an interim period may have to be adjusted in subsequent interim period if the estimate of the annual income tax rate changes.