

**NATIONAL CEMENT COMPANY
(PUBLIC SHAREHOLDING CO.)**

**Condensed interim financial statements for
the three month period ended March 31, 2019**

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

Condensed interim financial statements for the three month period ended March 31, 2019

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed interim financial statements	1-2
Condensed statement of profit or loss and other comprehensive income	3
Condensed statement of financial position	4
Condensed statement of cash flows	5
Condensed statement of changes in equity	6
Notes to the condensed financial statements	7 to 15



KPMG Lower Gulf Limited
Level 13, Boulevard Plaza Tower One
Mohammed Bin Rashid Boulevard, Downtown Dubai, UAE
Tel. +971 (4) 403 0300, Fax +971 (4) 330 1515

Independent Auditors' Report on Review of Interim Financial Information

The Shareholders,

National Cement Company (Public Shareholding Company)

Introduction

We have reviewed the accompanying 31 March 2019 condensed interim financial statements of National Cement Company (Public Shareholding Company) ("the Company"), which comprises:

- the condensed statement of financial position as at 31 March 2019;
- the condensed statements of profit or loss and other comprehensive income for the three-month period ended 31 March 2019;
- the condensed statements of changes in equity for the three-month period ended 31 March 2019;
- the condensed statements of cash flows for the three-month period ended 31 March 2019; and
- notes to the interim financial statements.

Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



National Cement Company (Public Shareholding Company)

Independent Auditors' Report on
Review of Interim Financial Information
31 March 2019

Basis for Qualified Conclusion

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2019. We were not provided with access to review the predecessor auditor's working papers relating to their audit of the Company for the year ended 31 December 2018. Because we were not provided with such an access, and in the absence of sufficient reliable alternative procedures, it was not possible for us to fully satisfy ourselves on opening balances as at 1 January 2019. Any adjustments to those figures may have an effect on the financial position, results and cash flows for the three month period ended 31 March 2019.

Qualified Conclusion

Based on our review, except for the possible effect of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter relating to comparative information

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2019. Furthermore, the condensed interim financial statements of the Company as at and for the three-month period ended 31 March 2018 were reviewed by another auditor who issued an unmodified review conclusion on those financial statements on 15 May 2018.

As part of our review of the condensed interim financial information as at and for the three-month period ended 31 March 2019, we reviewed the adjustments described in Note 5 that were applied to restate the comparative information presented for the three-month period ended 31 March 2018. We were not engaged to audit, review, or apply any procedures to the condensed interim financial information for the three-month period ended 31 March 2018, other than with respect to the adjustments described in Note 5 to the condensed interim financial information. Accordingly, we do not express an opinion or any other form of assurance on those financial statements taken as a whole. However, in our opinion, the adjustments described in Note 5 are appropriate and have been properly applied.

KPMG Lower Gulf Limited

Emilio Pera
Registration No.: 1146
Dubai, United Arab Emirates

Date: 14 MAY 2019

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

	Note	Three month period ended March 31, 2019 AED'000	Three month period ended March 31, 2018 AED'000 (restated)*
Revenue		54,305	49,327
Direct costs	6	(54,606)	(47,564)
Gross (loss) / profit		(301)	1,763
Other operating income	7	4,364	4,359
Administration, selling and general expenses		(7,178)	(7,616)
Impairment loss on trade and other receivables		(4,482)	(3,184)
Operating loss		(7,597)	(4,678)
Finance income	8	8,052	9,620
Finance cost	9	(5,353)	(4,583)
Dividend income from equity investments		24,903	24,903
Debt investments at FVTPL - net change in fair value		18,134	(8,116)
Profit for the period		38,139	17,146
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Equity investments at FVOCI - net change in fair value		31,539	31,636
<i>Items that are or maybe reclassified subsequently to profit or loss:</i>			
Debt investments at FVOCI - net change in fair value		3,545	1,326
Other comprehensive income for the period		35,084	32,962
Total comprehensive income for the period		73,223	50,108
Basic and diluted earnings per share	10	0.11	0.05

* Refer note 5

The notes on pages 7 to 15 form part of these condensed interim financial statements

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	Note	March 31, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)*
Non current assets			
Property, plant and equipment	11	216,796	219,599
Investment properties	12	2,924	2,924
Investments in financial assets	13	1,135,232	1,096,982
Investment in an associate	14	-	-
Loan receivable from associate	15	316,000	316,000
Total non current assets		1,670,952	1,635,505
Current assets			
Investment in financial assets	13	61,266	56,063
Inventories	16	62,133	61,931
Trade and other receivables	17	135,869	159,761
Cash in hand and at bank	19	118,612	57,522
Total current assets		377,880	335,277
Total assets		2,048,832	1,970,782
Equity and Liabilities			
Equity			
Share capital		358,800	358,800
Share application money		26	26
Statutory reserve		179,402	179,402
General reserve		316,517	316,517
Fair value reserve of financial assets at FVOCI		649,653	614,569
Retained earnings		70,825	32,686
		1,575,223	1,502,000
Non current liabilities			
Provision for employees' end of service gratuities		21,211	21,059
Interest bearing loans and borrowings	20	167,081	42,859
		188,292	63,918
Current liabilities			
Interest bearing loans and borrowings	20	214,839	332,232
Trade and other payables	21	70,478	72,632
Total current liabilities		285,317	404,864
Total liabilities		473,609	468,782
Total equity and liabilities		2,048,832	1,970,782

* Refer note 5

The notes on pages 7 to 15 form part of these condensed interim financial statements

These condensed interim financial statements were approved and authorized for issue by the Board of Directors on 13 MAY 2019 and were signed on their behalf by:


Chairman


Vice Chairman

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF CASH FLOW FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

	Note	Three month period ended March 31, 2019 AED'000	Three month period ended March 31, 2018 AED'000 (restated)*
Cash flows from operating activities			
Net profit for the period		38,139	17,146
Adjustments for:			
Depreciation	11	4,283	3,720
Provision for employees' end of service gratuities		349	310
Expected credit losses - Provision		4,482	3,184
Fair value change in available for sale investment at FVTPL		(18,134)	8,116
Finance cost	9	5,353	4,583
Finance income	8	(8,052)	(9,620)
Dividend income		(24,903)	(24,903)
Operating profit before working capital changes		1,517	2,537
Change in inventories		(202)	(7,393)
Change in trade and other receivables		23,980	(15,222)
Change in trade and other payables		689	18,510
Payment of end of service benefits		(197)	(712)
Net cash generated from / (used in) operating activities		25,787	(2,280)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,479)	(3,240)
Investments in financial assets		(6,599)	(21,747)
Proceeds from maturity / disposals of financial assets		16,364	15,047
Dividend income		24,903	24,903
Interest income		3,482	9,620
Net cash generated from investing activities		36,670	24,583
Cash flows from financing activities			
Net drawdown / (repayment) on bank borrowings		6,829	(23,835)
Interest expenses paid		(8,196)	(4,583)
Net cash used in financing activities		(1,367)	(28,418)
Net increase/ (decrease) in cash and cash equivalents		61,090	(6,115)
Cash and cash equivalents at beginning of the period		51,214	18,895
Cash and cash equivalents at end of the period		112,304	12,780

* Refer note 5

The notes on pages 7 to 15 form part of these condensed interim financial statements:

The independent auditors' report on review of condensed interim financial statements is set out on pages 1 to 2

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019

	<i>Share capital</i>	<i>Share Application money</i>	<i>Statutory reserve</i>	<i>General reserve</i>	<i>Fair value reserve of AFS Investments</i>	<i>Fair value reserve of financial assets at FVOCI</i>	<i>Retained earnings</i>	<i>Total</i>
	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>	<i>AED'000</i>
At January 1, 2018	358,800	26	179,402	316,517	550,573	-	140,831	1,546,149
Effect of adoption of IFRS 9	-	-	-	-	(550,573)	564,643	(17,581)	(3,511)
Profit for the period (restated)*	-	-	-	-	-	-	17,146	17,146
Other comprehensive income (restated)*	-	-	-	-	-	32,962	-	32,962
Total comprehensive income for the period (restated)*	-	-	-	-	-	32,962	17,146	50,108
At March 31, 2018 (restated)*	358,800	26	179,402	316,517	-	597,605	140,396	1,592,746
At January 1, 2019	358,800	26	179,402	316,517	-	614,569	32,686	1,502,000
Profit for the period	-	-	-	-	-	-	38,139	38,139
Other comprehensive income	-	-	-	-	-	35,084	-	35,084
Total comprehensive income for the period	-	-	-	-	-	35,084	38,139	73,223
At March 31, 2019	358,800	26	179,402	316,517	-	649,653	70,825	1,575,223

* Refer note 5

The notes on pages 7 to 15 form part of these condensed interim financial statements

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

1 Status and activities

National Cement Company (Public Shareholding Co.), Dubai ("the Company"), is registered in accordance with the decree issued by His Highness Ruler of Dubai on April 10, 1968 establishing a cement company in the Emirate of Dubai. The Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from June 28, 2015 replacing the previous Federal Law No. 8 of 1984. The registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

The principal activity of the Company is to manufacture and sell cement and cement related products. The Company also invests in equity, debt and structured investment securities. The Company is listed on the Dubai Financial Market since 2005.

The interim condensed financial statements for the three month period ended March 31, 2019 were authorized for issue by the Board of Directors on May 14, 2019.

2 Basis of preparation of the condensed interim financial statements

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim condensed financial statements (International Accounting Standard 34 Interim Financial Reporting). These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2018.

These interim condensed financial statements are presented in thousands of UAE Dirhams (AED'000) unless otherwise stated.

These condensed interim financial statements have been presented on the historical cost basis except for investments carried at fair value through other comprehensive income ("FVOCI"), investments carried at fair value through profit or loss ("FVTPL") and derivative financial instruments which are measured at fair value.

Accounting estimates and judgments

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

The significant judgments made by the management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those that were applied in preparation of the financial statements of the Company as at and for the year ended December 31, 2018.

The Company has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

3 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statement for the year ended 31 December 2018. The Company has adopted IFRS 16 *Leases* from 1 January 2019, however, has no material impact on the Company's financial statements. A number of new standards are also effective from 1 January 2019 but they also do not have a material effect on the Company's financial statement.

4 Financial Risk Management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial information, and should be read in conjunction with the Company's annual financial statements as at December 31, 2018. The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended December 31, 2018

5 Restatement of comparative figures

The financial statements for the three month period ended March 31, 2018 has been restated. In addition, certain comparative information has been reclassified to conform the current year's presentation. The following is the summary of the restatements and reclassifications made to the comparative figures:

	As previously reported AED' 000 March 31, 2018	Restatement AED' 000	Reclassification AED' 000	Restated balances AED' 000 March 31, 2018
Statement of profit or loss				
Interest income	4,570	-	(4,570)	-
Other income	4,359	-	(4,359)	-
Other operating income	-	-	4,359	4,359
Income from investments	30,437	(484)	(29,953)	-
Dividend income on equity investments	-	-	24,903	24,903
Debt investments at FVTPL - net change in fair value	-	(8,116)	-	(8,116)
Finance income	-	-	9,620	9,620
Administrative, selling and general expenses	(6,230)	(4,570)	-	(10,800)
Profit/ (loss) for the period	<u>30,316</u>	<u>(13,170)</u>	<u>-</u>	<u>17,146</u>
Statement of other comprehensive income				
Investments carried at FVOCI	23,651	8,827	(32,478)	-
Reclassification adjustment on disposal of investments carried at FVOCI	711	(711)	-	-
Equity Investments at FVOCI - net change in fair value	-	484	31,152	31,636
Debt investments at FVOCI - net change in fair value	-	-	1,326	1,326
Changes in foreign exchange translation reserve	(158,025)	158,025	-	-
Total other comprehensive income	<u>(133,663)</u>	<u>166,625</u>	<u>-</u>	<u>32,962</u>
Total Comprehensive Income	<u>(103,347)</u>	<u>153,455</u>	<u>-</u>	<u>50,108</u>
Statement of financial position				
Current Assets				
Trade and other receivables (including due from related parties)	214,078	-	(54,317)	159,761
Total current assets	<u>389,594</u>	<u>-</u>	<u>(54,317)</u>	<u>335,277</u>
Current Liabilities				
Trade and other payables (including due to related parties)	126,949	-	(54,317)	72,632
Total current liabilities	<u>459,181</u>	<u>-</u>	<u>(54,317)</u>	<u>404,864</u>

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

5 Restatement of comparative figures (continued)

5.1 Accounting for Investment in Associate

During 2018, management performed an assessment and determined that the financial statements of the associate in Sudan need to be prepared in accordance with the requirements of IAS 29, whereby management considered that Sudan falls under the definition of a hyperinflationary economy. In addition, management identified certain inconsistencies between the accounting policies adopted by the associate in preparing the financial statements and those adopted by the Company under IFRS, and assessed the effect of adopting uniform accounting policies on the carrying amount of the investment on the Company's financial statements. As at December 31, 2018, management decreased the carrying amount of the investment in the associate at the earliest reporting date (i.e. January 1, 2017) to nil. The below summarises the impact on the previously reported Statement of Other Comprehensive Income in the condensed interim financial information for the three month period ended March 31, 2018

	Three month period ended March 31, 2018 AED'000 (Debit) / Credit
Other Comprehensive Income	
Changes in foreign exchange translation reserve	158,025

5.2 Prior year unrecorded provisions

During 2018, management identified unrecorded provisions and the financials for the year ended December 31, 2018 were restated to reflect the impact of such adjustments. The below summarises the impact on the previously reported Statement of Profit or loss in the condensed interim financial information for the three month period ended March 31, 2018:

	Three month period ended March 31, 2018 AED'000 (Debit) / Credit
Profit or Loss	
Administration, selling and general expenses	(4,570)

5.3 Reclassification of Investments from FVTPL to FVOCI

As at December 31, 2018, management had reclassified certain equity instruments which were earlier classified at Fair Value through Profit or Loss (FVTPL) to Fair Value through Other Comprehensive Income (FVOCI). The Statement of Profit or Loss for the three-month period ended 31 March 2018 has been restated to reflect the impact of such adjustment. The below summarises the impact on the previously reported Statement of Profit or loss and Statement of Other Comprehensive Income in the condensed interim financial information for the three month period ended March 31, 2018:

	Three month period ended March 31, 2018 AED'000 (Debit) / Credit
Profit or Loss	
Income from Investments	(484)
Other Comprehensive Income	
Equity Investments at FVOCI - net change in fair value	484

5.4 Reclassification of Investments from FVOCI to FVTPL

As at December 31, 2018, management had reclassified certain debt instruments which were earlier classified at FVOCI to FVTPL. The Statement of Profit or Loss for the three-month period ended March 31, 2018 has been restated to reflect the impact of such adjustment. The below summarises the impact on the previously reported Statement of Profit or loss and Statement of Other Comprehensive Income in the condensed interim financial information for the three month period ended March 31, 2018:

	Three month period ended March 31, 2018 AED'000 (Debit) / Credit
Profit or Loss	
Debt investments at FVTPL - net change in fair value	(8,116)
Other Comprehensive Income	
Investments carried at FVOCI	8,827
Reclassification adjustment on disposal of investments carried at FVOCI	(711)

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

6 Cost of Goods Sold	Three month period ended March 31, 2019 AED'000	Three month period ended March 31, 2018 AED'000
Material Expenses	32,332	25,487
Utilities and other factor costs	13,331	13,150
Staff costs	5,135	5,589
Depreciation	3,808	3,338
	<u>54,606</u>	<u>47,564</u>
7 Other operating income	Three month period ended March 31, 2019 AED'000	Three month period ended March 31, 2018 AED'000 (restated)
Rental income	2,211	2,217
Sale of scrap and other non trading material	1,861	2,068
Others	292	74
	<u>4,364</u>	<u>4,359</u>
8 Finance income	Three month period ended March 31, 2019 AED'000	Three month period ended March 31, 2018 AED'000 (restated)
Interest income on loan to associate	4,570	4,570
Interest income on investments in financial assets	3,211	5,050
Change in fair value of derivative financial instruments	271	-
	<u>8,052</u>	<u>9,620</u>
9 Finance cost	Three month period ended March 31, 2019 AED'000	Three month period ended March 31, 2018 AED'000
Bank term loans - interest	4,884	4,583
Bank overdrafts - interest	109	-
Loan Processing Fees	360	-
	<u>5,353</u>	<u>4,583</u>
10 Earnings per share	Three month period ended March 31, 2019 AED'000	Three month period ended March 31, 2018 AED'000 (restated)
Net profit attributable to shareholders	38,139	17,146
Weighted average number of shares	358,800	358,800
Earnings per share	<u>0.11</u>	<u>0.05</u>
11 Property, plant and equipment		

During the three month period ended March 31, 2019 additions to property, plant and equipment amounted to AED 1.48 million (three month period ended March 31, 2018: AED 3.24 million) and no assets were disposed during the period. Depreciation charge for the period amounts to AED 4.28 million (three month period ended March 31, 2018: AED 3.72 million).

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

12 Investment properties

Investment properties represent land and villas constructed thereon. No investment properties were bought or sold during the current period and no depreciation was charged as the assets are fully depreciated. Land is not depreciated.

The fair market value of investment properties, including land, is estimated to be AED 66 million (2018: AED 67 million) as per the internal valuation carried out by the management in March 2019. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals it is categorised as Level 3 fair value based on valuation inputs used.

13 Investments in financial assets

	March 31, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)
<i>Current financial assets</i>		
Investments at FVOCI	27,747	32,362
Investments at FVTPL	33,519	23,701
	<u>61,266</u>	<u>56,063</u>
<i>Non-current financial assets</i>		
Investments at FVOCI	997,833	961,930
Investments at FVTPL	137,399	135,052
	<u>1,135,232</u>	<u>1,096,982</u>

The categories of investments in financial assets are as follows:

	March 31, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)
Quoted equity instruments - at fair value	856,167	824,629
Debt instruments - at fair value	266,464	254,549
Unquoted equity instruments - at cost	73,867	73,867
	<u>1,196,498</u>	<u>1,153,045</u>

14 Investment in an associate

Investment in an associate represents 25.43% (2018: 25.43%) share in Berber Cement Company Ltd, a limited liability company registered in the Republic of Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's interest in Berber Cement Company Ltd. is accounted for using the equity method in the financial statements.

In prior period the Company has accounted for the investments after taking account of the effect of hyperinflationary economy and of using uniform accounting policies while preparing the financial statements of the associate. Furthermore, as the associate has accumulated losses and negative equity position, the Company has fully written off its cost of investment in the associate and it has no obligation towards these losses.

15 Loan receivable from associate

This amount represents AED denominated loan given to the associate and was recoverable in ten instalments over a period of five years beginning from December 2014. The interest rate on this loan is charged at the rate of 5.85% per annum. As at the reporting date, management is in process of restructuring the aforesaid loan and is not expected to be repaid within 12 months from the reporting date. Accordingly, the amount is classified as non-current.

The loan is secured by way of pledge against the assets of the associate and is guaranteed by the personal guarantees of certain shareholders of the associate. Management has performed an impairment assessment on the loan and evaluated the associate's ability to repay the loan based on the associate's projected future cash flows. Based on such assessment, and the fact that the loan is secured against pledge of assets having a realisable value significantly exceeding the loan amount at March 31, 2019, management concluded that no impairment is required on the outstanding loan balance.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

16 Inventories	March 31, 2019	December 31, 2018
	AED'000	AED'000
	(Unaudited)	(Audited)
Raw materials	18,373	16,311
Work in progress	18,370	19,249
Finished goods	1,970	3,119
Consumable and spare parts	23,420	23,252
	<u>62,133</u>	<u>61,931</u>
17 Trade and other receivables	March 31, 2019	December 31, 2018
	AED'000	AED'000
	(Unaudited)	(Audited)*
Receivables from third party customers	108,348	111,126
Due from related parties	87,399	106,940
Less: provision for expected credit losses	(68,043)	(63,561)
	<u>127,704</u>	<u>154,505</u>
Advances to suppliers	1,456	1,986
Other receivables	3,396	2,963
Prepayments	3,313	307
	<u>135,869</u>	<u>159,761</u>
*Refer note 5 for details of reclassification		
18 Related party transactions		
The Company, in the ordinary course of its business, enters into trading and financing transactions with entities which fall within the definition of "related party" as contained in International Accounting Standard 24. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.		
The significant related party transactions during the period are as follows:		
	Three month period	Three month period
	ended March 31, 2019	ended March 31, 2018
	AED'000	AED'000
Related Party transactions		
Associate		
Interest Income	4,570	4,570
Other Related Parties		
Revenues	9,549	7,973
Purchases	(2,431)	(1,973)
Remuneration to key management personnel		
Salaries and other short term benefits	845	913
End of service benefits charged	43	43
	<u>888</u>	<u>956</u>
19 Cash and cash equivalents	March 31, 2019	December 31, 2018
	AED'000	AED'000
	(Unaudited)	(Audited)
Cash in hand	972	946
Cash at banks current accounts	111,332	50,268
Cash at banks margin deposits	6,308	6,308
Cash in hand and at bank	<u>118,612</u>	<u>57,522</u>
Less: Margin deposits	(6,308)	(6,308)
	<u>112,304</u>	<u>51,214</u>

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

20 Interest bearing loans and borrowings	March 31, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)
Murahaba Loan	254,720	171,438
Short term loans	127,200	176,614
Bank overdrafts	-	27,039
	<u>381,920</u>	<u>375,091</u>
Less: Current portion	<u>(214,839)</u>	<u>(332,232)</u>
Non Current portion	<u>167,081</u>	<u>42,859</u>

This represents:-

During the current period, the Company has restructured its Murahaba agreement with a local Islamic bank for a total amount of USD 53.50 million (equivalent to AED 196.60 million) repayable in ten semi annual instalments over a period of five years maturing in 2023(2018: maturing in the year 2020), plus profits at EIBOR + 3% (2018: EIBOR + 3%). This loan was obtained by the Company and extended to its associate in the prior years. The Murahaba agreement is obtained against pledge of quoted equity shares having a fair value of AED 345 million as at the reporting date.

Furthermore, during the current period, the Company has obtained a Murahaba loan with an Islamic bank for a total amount of SAR 60 million (equivalent to AED 58.1 million) repayable in six semi annual instalments over a period of three years maturing in 2022, plus profits at SAIBOR + 1.5%. The proceeds of the said loan are to affect repayment of the existing facilities. The Murahaba agreement is obtained against pledge of quoted equity shares having a fair value of AED 120 million as at the reporting date.

Short-term loans are obtained under a revolving bank facility obtained from a local bank with a limit of AED 145.2 million for working capital requirements. The term of each loan obtained under this facility is for a period of 1 year. This facility bears interest at the commercial rates. This facility, along with other facilities obtained from the bank, is obtained against pledge of quoted equity shares having a fair value of AED 151 million as at the reporting date.

Bank overdraft carries monthly variable interest at commercial rates

21 Trade and other payables	March 31, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)*
Trade payables	23,488	31,263
Dividend payables	17,582	17,529
Accrued interest	3,282	6,576
Accruals for employee benefits	4,874	4,874
Due to related parties	3,225	1,042
Advances	1,585	1,299
Other accruals and payables	16,442	10,049
	<u>70,478</u>	<u>72,632</u>

The company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

*Refer note 5 for details of reclassification

22 Dividend

For 2018, a cash dividend of AED 35.88 million (2017: AED 53.82 million) (AED 0.10 fils per share (2017: AED 0.15 fils per share)) has been proposed and approved by the shareholders of the Company at the Annual General Meeting held on April 22, 2019.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

23 Segment Reporting

The Company's activities comprise two main business segments: 1) manufacturing and selling cement and cement related products (known as "Cement" segment) and 2) investment in debt, equity and structured products, securities, properties and associate (known as "Investment" segment). The details of segment revenue, segment result, segment assets and segment liabilities have been provided below.

	Three months period ended March 31, 2019			Three months period ended March 31, 2018 (restated)		
	Cement AED'000	Investment AED'000	Total AED'000	Cement AED'000	Investment AED'000	Total AED'000
Revenue from customers	54,305	-	54,305	49,327	-	49,327
Direct costs	(50,798)	-	(50,798)	(44,226)	-	(44,226)
Depreciation	(3,808)	-	(3,808)	(3,338)	-	(3,338)
Administration, selling and general expenses	(7,178)	-	(7,178)	(7,616)	-	(7,616)
Impairment (loss)/ reversal on trade and other receivables	88	(4,570)	(4,482)	1,386	(4,570)	(3,184)
Other operating income	3,525	839	4,364	3,421	938	4,359
Finance cost	(2,061)	(3,292)	(5,353)	(1,860)	(2,723)	(4,583)
Finance income	-	8,052	8,052	-	9,620	9,620
Dividend income	-	24,903	24,903	-	24,903	24,903
Others	-	18,134	18,134	-	(8,116)	(8,116)
Segment (Loss)/profit	<u>(5,927)</u>	<u>44,066</u>	<u>38,139</u>	<u>(2,906)</u>	<u>20,052</u>	<u>17,146</u>
	March 31, 2019 AED'000 (Unaudited)			December 31, 2018 AED'000 (Audited)		
	Cement AED'000	Investment AED'000	Total AED'000	Cement AED'000	Investment AED'000	Total AED'000
Total assets*	<u>348,268</u>	<u>1,581,952</u>	<u>1,930,220</u>	<u>351,348</u>	<u>1,561,912</u>	<u>1,913,260</u>
Total liabilities	<u>218,889</u>	<u>254,720</u>	<u>473,609</u>	<u>292,105</u>	<u>176,677</u>	<u>468,782</u>
Capital Expenditure	<u>1,480</u>	<u>-</u>	<u>1,480</u>	<u>3,240</u>	<u>-</u>	<u>3,240</u>

* Cash and bank balances are not allocated to individual segments as these are managed and utilised as needed.

Additional information required by IFRS 8 *Segment Reporting*, is disclosed below

a) Information about geographical segments

All the sales of the Company for the three month period ended March 31, 2019 and three month period ended March 31, 2018 is within UAE.

b) Major customers

During the three month period ended March 31, 2019, there were 3 customers (March 31, 2018: 3 customers) with revenues greater than 10% of the total revenue of the Company.

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2019 (unaudited)

24 Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in hand and at bank, trade and other receivables, loan receivables and financial assets at fair value. Financial liabilities consist of interest bearing loans and borrowings and trade and other payables

The fair values of financial instruments are not materially different from their carrying values

The following table presents the Company's financial assets that are measured at fair value, by valuation method

March 31, 2019	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Quoted equity instruments at FVOCI	856,166	-	-	856,166
Unquoted equity instruments	-	-	73,867	73,867
Quoted debt instruments at FVOCI	95,545	-	-	95,545
Quoted debt instruments at FVTPL	170,920	-	-	170,920
	<u>1,122,631</u>	<u>-</u>	<u>73,867</u>	<u>1,196,498</u>

December 31, 2018	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Quoted equity instruments at FVOCI	824,628	-	-	824,628
Unquoted equity instruments	-	-	73,867	73,867
Quoted debt instruments at FVOCI	95,796	-	-	95,796
Quoted debt instruments at FVTPL	158,754	-	-	158,754
	<u>1,079,178</u>	<u>-</u>	<u>73,867</u>	<u>1,153,045</u>

25 Contingent liabilities

	March 31, 2019 AED'000 (Unaudited)	December 31, 2018 AED'000 (Audited)*
Letters of guarantee	3,009	4,619
Letters of credit	-	4,607

26 Operating lease

Leases as lessee

The Company has leased plots of land under operating leases on which residential flats for staff accommodation are located. These leases are for a period of one year and renewed based on market prices at the date of renewal and mutually agreed commercial terms. The Company does not have an obligation to renew these leases and have right to vacate upon expiry of the lease term.

Leases as lessor

The Company had leased residential villas on operating leases to earn rental income. These leases are for a period of one year, with an option to renew the lease on market prices at the date of renewal and mutually agreed commercial terms.