ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
PUBLIC JOINT STOCK
ABU DHABI - UNITED ARAB EMIRATES

REVIEW REPORT AND CONSOLIDATED
INTERIM FINANCIAL STATEMENTS FOR THE
PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
PUBLIC JOINT STOCK
ABU DHABI - UNITED ARAB EMIRATES

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REVIEW REPORT

The Shareholders'
Abu Dhabi National Company for Building Materials
Public Joint Stock
Abu Dhabi - United Arab Emirates

Introduction
We have reviewed the accompanying interim financial statements of **Abu Dhabi National Company for Building Materials** - Public Joint Stock - Abu Dhabi as at 30 June 2017 which comprise the interim statement of financial position as at 30 June 2017, and the related interim statement of comprehensive income, interim statement of changes in shareholders equity and interim statement of cash flows for the six months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion of these interim financial statements 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 company." A review of 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.

Basis for Qualified Conclusion

- We have not received direct confirmation from one customer for advance payment balance amounting to AED 17,418,213 and trade receivable balance amounting to AED 3,384,785 as at 30 June 2017, and we could not satisfy ourselves by these balances with any alternative audit procedure.

- The company have not been accomplying with IFRS 9 for classification of investment in financial assets designated at fair value through other comprehensive income (FVTOCI) and through profit and loss (FVTPL).

- The company has not performed an impairment review for its capital work in progress as required by the International Accounting Standards (IAS) 36.

REVIEW REPORT (continued)

Qualified Conclusion

Based on our review, except for the matters mentioned in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with IAS 34.

Talal Abu Ghazaleh & Co. International

Firas Kilani

Licensed Auditor No. 632

14 August 2017

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
PUBLIC JOINT STOCK
ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT A

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	30 June 2017 (Unaudited)	31 December 2016 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	5,104,234	2,964,834
Bank term deposit	20	630,951	630,951
Trade and other receivables	7	55,089,557	49,370,338
Other current assets	8	4,757,421	2,275,683
Inventories	9	11,409,251	14,047,992
Total current assets		76,991,414	69,289,798
NON-CURRENT ASSETS			
Property and equipment	10	191,500,227	195,960,349
Investments in financial assets	11	332,494,682	279,801,573
Other investments	12	83,325	83,325
Capital work in progress	13	125,468,896	125,435,275
Investments properties	14	21,100,000	21,100,000
Total non-current assets		670,647,130	622,380,522
TOTAL ASSETS		747,638,544	691,670,320

Managing Director

General Manager

Chairman

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

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
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ABU DHABI - UNITED ARAB EMIRATES

CONT. EXHIBIT A

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	NOTE	30 June 2017 (Unaudited)	31 December 2016 (Audited)
SHAREHOLDERS EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Bank over draft	20	5,477,587	730,721
Borrowings - current	15 (a)	30,690,940	30,690,940
Trade and other payables -current	16 (a)	106,083,717	73,234,622
Total current liabilities		142,252,244	104,656,283
NON-CURRENT LIABILITIES			
Borrowings - non-current	15 (a)	233,875,478	242,395,871
Trade and other payables - non-current	16 (b)	351,264	153,344
End of service benefits obligation		1,777,188	1,918,914
Total non-current liabilities		236,003,930	244,468,129
SHAREHOLDERS EQUITY			
Capital	17	300,000,000	300,000,000
Legal reserve		187,814,366	187,814,366
Statutory reserve		43,424,314	43,424,314
Investment revaluation reserve		11,689,416	(45,789,579)
Accumulated (losses)		(179,937,960)	(148,916,309)
Net		362,990,136	336,532,792
Non controlling interest		6,392,234	6,013,116
Net shareholders equity - Exhibit C		369,382,370	342,545,908
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		747,638,544	691,670,320

Managing Director

General Manager

Chairman

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ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

PUBLIC JOINT STOCK

ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT B

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

		3 Months ended 30 June		6 Months ended 30 June	
	NOTE	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Revenue		**16,285,934**	13,742,925	**31,653,487**	28,039,041
Direct costs		**(17,381,950)**	(15,237,821)	**(33,369,141)**	(30,939,979)
Gross (loss)		**(1,096,016)**	(1,494,896)	**(1,715,654)**	(2,900,938)
General and administrative expenses	18	**(4,369,460)**	(2,442,477)	**(9,269,652)**	(4,963,655)
Finance cost		**(2,818,136)**	(2,897,753)	**(5,818,662)**	(6,334,761)
Other income / (loss)	19	**892,922**	11,400,755	**(13,838,565)**	(8,120,410)
(Loss) / profit for the period - Exhibit D		**(7,390,690)**	4,565,629	**(30,642,533)**	(22,319,764)
(Loss) / profit for the period attributable to:					
Abu Dhabi National Company for Building Materials		**(7,522,437)**	4,474,570	**(31,021,651)**	(22,574,981)
Non controlling interest		**131,747**	91,059	**379,118**	255,217
Total		**(7,390,690)**	4,565,629	**(30,642,533)**	(22,319,764)

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

CONT.EXHIBIT B

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

		3 Months ended 30 June		6 Months ended 30 June	
	NOTE	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Other comprehensive (loss) / income					
Unrealized (loss) / gain on revaluation of investment in financial assets	11 (b)	**(1,803,437)**	3,836,217	**57,478,995**	43,261,063
Total other comprehensive (loss) / income for the period		(1,803,437)	3,836,217	**57,478,995**	43,261,063
Total comprehensive (loss) / income for the period - Exhibit C		(9,194,127)	8,401,846	**26,836,462**	20,941,299
(Loss) / profit earning per share		(0.025)	0.015	**(0.102)**	(0.074)

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

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
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EXHIBIT C

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	Capital	Legal reserve	Statutory reserve	Investment revaluation reserve	Accumulated (losses)	Net	Non-controlling interest	Total
Shareholders' equity at 1 January 2016 (Restated) (Audited)	300,000,000	195,620,598	43,563,324	(148,907,660)	(50,514,407)	339,761,855	5,315,782	345,077,637
Total comprehensive income for the period - Exhibit B	----	----	----	43,261,063	(22,574,981)	20,686,082	255,217	20,941,299
Shareholders' equity at 30 June 2016 (Unaudited) - Exhibit A	300,000,000	195,620,598	43,563,324	(105,646,597)	(73,089,388)	360,447,937	5,570,999	366,018,936
Shareholders' equity at 1 January 2017 (Audited)	300,000,000	187,814,366	43,424,314	(45,789,579)	(148,916,309)	336,532,792	6,013,116	342,545,908
Total comprehensive income for the period - Exhibit B	----	----	----	57,478,995	(31,021,651)	26,457,344	379,118	26,836,462
Shareholders' equity at 30 June 2017 (Unaudited) - Exhibit A	300,000,000	187,814,366	43,424,314	11,689,416	(179,937,960)	362,990,136	6,392,234	369,382,370

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE CONSOILDATED INTERIM FINANCIAL STATEMENTS

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
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EXHIBIT D

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2017 TO 30 JUNE 2017

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	6 months ended 30 June	
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES :		
(Loss) for the period - Exhibit B	(31,021,651)	(22,574,981)
Non controlling interest	379,118	255,217
Adjustment to reconcile net income to net cash provided by operating activities		
Depreciation on property and equipment	5,071,658	5,153,858
Loss on sale of investment in financial assets	23,794,119	20,107,361
Finance cost	5,818,662	6,334,761
(Gain) on disposal of property and equipment	----	(239,996)
End of service benefits obligation	(141,726)	(135,497)
Operating profit before working capital changes	3,900,180	8,900,723
Changes in the components of working capital :		
(Increase) in trade and other receivables	(5,719,219)	(4,555,479)
(Increase) / decrease in other current assets	(2,481,738)	101,628
Decrease in inventories	2,638,741	299,117
Increase in trade and other payables	33,047,015	38,164,392
Net cash flows from operating activities	31,384,979	42,910,381
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) in bank term deposit	----	(166)
Purchase of property and equipment	(611,536)	(1,514,292)
Proceeds on disposal of property and equipment	----	239,996
(Increase) in investments in financial assets	(394,959,644)	(752,962,769)
Proceeds from sale of investment in financial assets	375,951,411	734,966,721
(Increase) in capital work in progress	(33,621)	(116,781)
Net cash flows (used in) investing activities	(19,653,390)	(19,387,291)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in bank overdraft	4,746,866	8,658,546
(Decrease) in borrowings	(8,520,393)	(15,489,515)
Finance cost	(5,818,662)	(6,334,761)
Net cash flows (used in) financing activities	(9,592,189)	(13,165,730)
NET CASH FLOWS GENERATED DURING THE PERIOD	2,139,400	10,357,360
Cash and cash equivalents at beginning of the period	2,964,834	648,040
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD- Note 6	5,104,234	11,005,400

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

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

1. STATUS AND ACTIVITIES

a) **Abu Dhabi National Company for Building Materials** is a Public Joint Stock Company incorporated in Abu Dhabi by Amiri Decree No. 5 for the year 1974 and registered with Department of Economic Development - Abu Dhabi with a trade license number 1002141 and branches in Al Ain license no. 1005372 and Dubai license issued from Department of Economic Development no. 546792 . The company operates through the following subsidiaries:

Legal Name	License Number	Date of Incorporation	Location	Activities
i) Abu Dhabi National Company for Building Materials	1005372	19 September 2006	Al Ain	Trading agencies, companies representation and general trading.
ii) Abu Dhabi National Company for Building Materials	546792	6 July 2003	Dubai	Oilfield and natural gas equipment and spare parts trading and general trading.

b) The consolidated financial information include the performance and financial position as at 31 December 2016 of the company and its subsidiaries.

Trade Name	Legal status	License Number	Date of Incorporation	Percentage of ownership	Location	Activities
i) Bildco Cement Products	Limited Liability Company	1000463	14 June 1997	80%	Abu Dhabi	Construction precast concrete, cement or artificial stones articles manufacturing.
ii) Bildco Reinforcing Steel Services	Local establishment	1000606	31 March 1998	100%	Abu Dhabi	Steel bars preparation.
iii) Bildco Aerated Concrete Products	Branch of company registered in other Emirates	608886	5 November 2009	100%	Dubai	bricks manufacturing.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) In the current period, the company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2017.

b) At the date of authorization of these interim financial statements, the following Standards and Interpretations have been issued but not yet effective :

	Effective for annual periods beginning on or after
IAS 7 Statement of cash flows	1 January 2017
IAS 12 Income taxes	1 January 2017
IFRS 15 Revenue from contracts with customers.	1 January 2017
IFRS 9 Financial instruments.	1 January 2018

3. GOING CONCERN

The company incurred a net loss of AED 30,642,533 during the period ended 30 June 2017 and accumulated losses of AED 179,937,960 company's current liabilities exceed its current assets by AED 65,260,830 as of 30 June 2017. The consolidated interim financial statements are prepared on the assumption that the company is a going concern and will continue in operation for the foreseeable future with the financial support of shareholders.

4. BASIS OF CONSOLIDATION

The consolidated interim financial statements comprise the interim financial statements of company and entities controlled by the company (its subsidiaries). Control is evidenced by the power to govern the financial and operating policies of an entity. Therefore, the consolidated interim statement of comprehensive income and interim consolidated cash flow statements include the results of subsidiaries acquired or disposed of during the year from the effective date of acquisition or up to the effective date of disposal (deemed appropriate).

Where necessary, adjustments are made to the interim financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the company and its other subsidiaries.

All intra company transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests represent the interests not held by the company in the consolidated net assets.

Non- controlling interests in subsidiaries are identified separately from the group's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non- controlling interests proportionate share of the fair value of the acquiree's identifiable net assets.

Total interim consolidated comprehensive income is attributed non-controlling interests even if this result in the non-controlling interests having a deficit balance.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidated Interim Financial Statements Preparation Framework*
The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards.

b. *Basis of preparation*
The consolidated interim financial statements for the company are prepared under the historical cost convention, except for the measurement / revaluation of certain assets and financial instruments at a basis other than the historical cost. The significant accounting policies are set out below.

c. *Financial assets*
Financial assets are classified into the following specified categories: financial assets at fair value through other comprehensive income (FVTOCI), financial assets at fair value through profit or loss (FVTPL), loans and receivables and cash and cash equivalents. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

i) *Cash and cash equivalents*
Cash represents cash on hand, E-dirham and unrestricted cash at banks - current accounts. Cash equivalents include the entire highly liquid investments being readily convertible into known amounts of cash and which are exposed to an insignificant risk of changes in values.

ii) *Trade receivables*

Trade receivables are stated at net realizable value. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated interim statement of comprehensive income.

iii) *Loans and other receivables*

Loans and other receivables includes trade and other receivables. Trade receivables that do not have a fixed or determinable payments and are not quoted in a active market, post dated cheques received are realizable on specified due date and other receivables are stated at net realizable value. The carrying values are not materially different from their fair value.

iv) *Investment in financial assets*

FVTOCI financial assets may include equity instruments that are not held principally for the purpose of selling in the near future or debt instruments with fixed or determinable payments and fixed maturity dates that the company has no positive intent and ability to hold to maturity.

FVTOCI financial assets are stated at fair value for listed securities and it cost for unlisted securities. Gains and losses arising from changes in fair value are recognized in consolidated interim other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in the consolidated interim statement of comprehensive income.

The cumulative gain or loss previously recognized in the investments revaluation reserve is included in the consolidated interim statement of comprehensive income upon the disposal of investment. Dividends on FVTOCI equity instruments are recognized in profit or loss when the company's right to receive payments is established.

d. *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each period. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

With the exception of FVTOCI equity instruments, if, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVTOCI equity securities, any increase in fair value subsequent to an impairment loss is recognized in consolidated interim other comprehensive income.

e. *Related parties*

Related parties are considered to be related because they have the ability to exercise control over the company or to exercise significant influence or joint control over the company's financial and operating decisions. Further, parties are considered related to the company when the company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties. Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the consolidated interim statement of financial position date, the related parties receivable and payables are stated at the net realizable value.

f. *Inventories*

- Inventories are stated at the lower of cost or net realizable. Inventory costs include:

Costs of purchase including materials and other costs incurred in bringing the inventories to their present location and condition.

Year end inventory cost is calculated using the weight average cost method.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

- *Finished goods*

Finished goods are stated at raw materials and consumables cost used in production, plus cost of conversion (including fixed and variable manufacturing overheads which are estimated by management).

- *Raw materials*

Raw materials are stated at costs of purchase (including taxes, transport and handling) net of trade discounts received, plus other costs incurred in bringing the inventories to their present location and condition.

g. *Property and equipment*

Property and equipment are initially recognised at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

After initial recognition, the property and equipment are carried, in the consolidated interim statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the company over the estimated useful life of the assets as follows:

Category	Useful life
Building and caravans	10 - 45 years
Furniture and decoration	4 years
Motor vehicles	3 - 4 years
Machinery and equipment	4 - 45 years
Tools and molds	4 years
Computer and electronics	4 years
Other assets	4 years

The depreciation charge for each period is recognized in the consolidated interim statement of comprehensive income. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

The carrying values of property and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with Note 5 (h).

On the subsequent derecognition (sale or retirement) of the property and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the consolidated interim statement of comprehensive income.

h. *Impairment of tangible assets*

At each consolidated interim statement of financial position date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the of consolidated interim comprehensive income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior periods. A reversal of an impairment loss is recognized immediately in the consolidated interim statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i. *Capital work in progress*

Capital work in progress represents all direct costs such as construction work-in-progress, consultant costs, design expenses and commission on purchases and are recorded at cost.

j. *Investments properties*

Investment property (land or building or part of a building or both) is property: (a) held by the company to earn rentals, (b) for capital appreciation rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, and/or for undetermined use. Investment property is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the consolidated interim income statement in the period in which they arise.

k. *Financial liabilities*

Financial liabilities include bank overdraft, borrowings and trade and other payables. Trade payables that have a fixed or determinable payments and that are not quoted in active market, post dated cheques issued which are cleared on specified due date and other payables are stated at cost. The carrying value is not materially different from their fair value.

l. *Borrowing cost*

Borrowing costs include interest on bank overdraft and borrowings, amortization of discounts or premiums on borrowings, amortization of ancillary costs incurred in the arrangement of borrowings, and finance charges on finance leases.

Borrowing costs are expensed in the year in which they are incurred.

m. *Provisions*

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the consolidated interim statement of financial position date, that is, the amount that the company would rationally pay to settle the obligation at the consolidated interim statement of financial position date or to transfer it to a third party.

Provisions reviewed and adjusted at each consolidated interim statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

n. *End of service benefits obligation*

- End of service benefits obligation is computed as per provision of U.A.E. labour law.

- Pension funds for UAE nationals has been computed as per rates approved by the concerned government department.

o. *Legal reserve*

In accordance with the Article of Association of the public joint stock company and the requirements of the U.A.E. Commercial Companies Law, an amount equal to 10% of the annual net profit should be transferred to statutory reserve account till such reserve equal 50% of the company's paid up capital. This reserve is not available for distribution.

p. *Statutory reserve*

The company articles provide for setting aside 10 % of the company net profit to create a statutory reserve. The ordinary general assembly may stop deduction based on suggestion of Board of Directors or if the capital reserve reaches twice of the company paid up capital. This reserve may be used to the purpose decided by the Board of Directors.

q. *Revenue recognition*

i) *Sale of goods*

The company has transferred to the buyer the significant risks and rewards of ownership of the goods.

The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
The amount of revenue can be measured reliably.

It is probable that the economic benefits associated with the transaction will flow to the company.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

ii) *Rental income*

Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease.

iii) *Interest revenue*

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

iv) *Dividend income*

Dividend revenues are recognized when the right to receive payment is established.

r. *Contingent liabilities*

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the consolidated interim financial statements.

s. *Critical accounting judgments and key sources of estimation uncertainty*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

i) *Provision for claims*

Management has estimated the provision on the basis of prior experience and current economic situation.

ii) *Provision for doubtful debts*

Management has estimated the recoverability of trade receivables and has considered the provision required for doubtful receivables, on the basis of prior experience and current economic situations.

iii) *Provision for slow moving inventories*

Management has estimated the provision on the basis of prior experience and current economic situation.

6. CASH AND CASH EQUIVALENTS

This item consists of the following:	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Cash on hand	160,808	154,153
E- dirham	40,583	----
Cash at banks - current accounts	4,902,843	2,810,681
Total - Exhibit A & D	5,104,234	2,964,834

7. TRADE AND OTHER RECEIVABLES

a) This item consists of the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Trade receivables - Note 7 (b)	29,296,959	24,598,536
Post dated cheques received - Note 7 (c)	3,212,130	2,780,195
Margin on letters of guarantee	781,800	776,800
Refundable deposits	919,552	671,594
Staff advances	613,140	506,685
Claims receivables - Note 7 (d)	76,032,625	76,194,907
Advance payment to suppliers	489,077	277,678
Provision for claims - Note 7 (e)	(53,059,003)	(53,059,003)
Provision for doubtful debts - Note 7 (f)	(3,377,054)	(3,377,054)
Related party - receivable - Note 22 (a)	169,988	----
Others	10,343	----
Net - Exhibit A	55,089,557	49,370,338

b) The aging for the trade receivables is as the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
1 - 30 days	7,639,077	5,438,063
31 - 90 days	4,548,380	3,219,562
91 - 180 days	7,083,654	5,891,270
More than 180 days	10,025,848	10,049,641
Total - Note 7 (a)	29,296,959	24,598,536

The company sells its products to various customers in UAE. The company's largest twenty one customers amounting to AED 15,106,317 accounted for 51.56% of outstanding trade receivables as of 30 June 2017 (31 December 2016 : AED 13,451,262, 54.68%, twenty customers).

c) Post dated cheques received amounting to AED 3,212,130 (Note 7 (a)) mature during the period from July 2017 to January 2018.

d) **CLAIMS RECEIVABLES**

This item consists of the following :

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Al Omran Gulf Engineering and Contracting	7,088,515	7,088,515
Al Hamed Development	5,264,603	5,264,603
Glosco Limited	7,150,426	7,150,426
Calm Shadow General Trading	25,550,487	25,550,487
African Connection General Trading	6,663,263	6,663,263
Others	24,315,331	24,477,613
Total - Note 7 (a)	76,032,625	76,194,907

e) *Movement of provision for claims :*

This item consists of the follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Balance at 1 January	(53,059,003)	(53,059,003)
Balance at 30 June / 31 December - Note 7 (a)	(53,059,003)	(53,059,003)

f) *Movement of provision for doubtful debts :*

This item consists of the follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Balance at 1 January	(3,377,054)	(3,377,054)
Balance at 30 June / 31 December - Note 7 (a)	(3,377,054)	(3,377,054)

8. **OTHER CURRENT ASSETS**

This item consists of the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Prepaid rent	2,415,395	393,950
Other prepaid expenses	2,342,026	1,881,733
Total - Exhibit A	4,757,421	2,275,683

9. INVENTORIES

This item consists of the following :

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Steel	6,404,880	7,530,063
Diesel	15,155	----
Other building materials	6,000	1,566,013
Raw materials	1,987,429	996,420
Finished goods	1,826,808	2,676,117
Packing materials	24,836	30,554
Consumables	208,685	181,079
Spare parts	2,440,359	2,572,647
Total	12,914,152	15,552,893
Allowance for slow moving inventories	(1,504,901)	(1,504,901)
Net - Exhibit A	11,409,251	14,047,992

10. PROPERTY AND EQUIPMENT

a) The details of cost, accumulated depreciation and the respective carrying amounts of various categories of property and equipment are as follows:

	Building and caravans	Furniture and decoration	Motor vehicles	Machinery and equipment	Tools and molds	Computer and electronics	Other assets	Total
COST								
At 1 January 2017 (Audited)	117,394,457	4,752,539	3,636,810	179,026,301	7,168,502	103,227	1,053,659	313,135,495
Additions	---	52,556	---	558,980	---	---	---	611,536
At 30 June 2017 (Unaudited)	117,394,457	4,805,095	3,636,810	179,585,281	7,168,502	103,227	1,053,659	313,747,031
ACCUMULATED DEPRECIATION								
At 1 January 2017 (Audited)	(21,747,158)	(4,526,674)	(3,400,699)	(80,928,410)	(6,031,490)	(55,022)	(485,693)	(117,175,146)
Charge for the period	(1,516,974)	(73,317)	(54,301)	(3,003,002)	(276,377)	(17,062)	(130,625)	(5,071,658)
At 30 June 2017 (Unaudited)	(23,264,132)	(4,599,991)	(3,455,000)	(83,931,412)	(6,307,867)	(72,084)	(616,318)	(122,246,804)
NET BOOK VALUE								
At 31 December 2016 - Exhibit A (Audited)	95,647,299	225,865	236,111	98,097,891	1,137,012	48,205	567,966	195,960,349
At 30 June 2017 - Exhibit A (Unaudited)	94,130,325	205,104	181,810	95,653,869	860,635	31,143	437,341	191,500,227

b) Depreciation of property and equipment was charged in consolidated statement of comprehensive income for the period / year as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Direct cost	4,556,414	8,812,020
General and administrative expenses - Note 18	515,244	908,479
Total	5,071,658	9,720,499

11. INVESTMENT IN FINANCIAL ASSETS

a) This item consists of the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Listed securities (local) - Note 11 (b & c)	308,258,351	265,848,619
Unlisted securities (local) - Note 11 (b)	24,236,331	13,952,954
Total - Exhibit A	332,494,682	279,801,573

b) Changes in investment in financial assets for the current period / year as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Balance at the beginning of the period / year	279,801,573	228,440,059
Additions	394,959,644	703,317,515
Disposals	(399,745,530)	(755,074,082)
Unrealized gain on investment in financial assets - Exhibit B	57,478,995	103,118,081
Balance at 30 June / 31 December - Note 11 (a)	332,494,682	279,801,573

c) This item represents investments in listed securities listed in the market which are distributed as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Banks sector	61,234,198	74,147,138
Insurance sector	99,860,474	59,084,409
Services and industrial sectors	147,163,679	132,617,072
Total - Note 11 (a)	308,258,351	265,848,619

12. OTHER INVESTMENTS

This item consists of the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
a) *Company*		
Freeport Co. Note 12 (b)	83,325	83,325
Balance at 30 June / 31 December - Exhibit A	83,325	83,325

b) *The movement of investment is as follows :*

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Balance at the beginning of the period / year	1,476,000	1,476,000
Less : Provision for impairment	(1,392,675)	(1,392,675)
Balance at 30 June / 31 December - Note 12 (a)	83,325	83,325

13. CAPITAL WORK IN PROGRESS

a) This item consists of the following :

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Balance at the beginning of the period / year	**125,435,275**	125,260,589
Additions during the period / year	**33,621**	174,686
Balance at the end of the period / year - Exhibit A	**125,468,896**	125,435,275

b) The company has not performed an impairment review for its capital work in progress in properties under construction as required by the International Accounting Standards 36.

14. INVESTMENT PROPERTIES

a) This item consists of the following :

	Buildings	Total
COST		
At 1 January 2017 (Audited)	28,157,594	28,157,594
At 30 June 2017 (Unaudited)	**28,157,594**	**28,157,594**
ACCUMULATED DEPRECIATION		
At 1 January 2017 (Audited)	(7,057,594)	(7,057,594)
At 30 June 2017 (Unaudited)	**(7,057,594)**	**(7,057,594)**
NET BOOK VALUE		
At 31 December 2016 - Exhibit A (Audited)	21,100,000	21,100,000
At 30 June 2017- Exhibit A (Unaudited)	**21,100,000**	**21,100,000**

b) Building has been revalued by independent evaluator which report dated 27 February 2017.

15. BORROWINGS - CURRENT AND NON-CURRENT

a) This item consists of the following :

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Borrowings - current - Exhibit A	30,690,940	30,690,940
Borrowings - non-current - Exhibit A	233,875,478	242,395,871
Total	264,566,418	273,086,811

b) Loans of AED 334,243,218 were obtained from many banks at interest rates between 3% and 4.6 % annually plus EIBOR. The balance as of 30 June 2017 was AED 264,566,418 (31 December 2016 : AED 273,086,811). The loans installments are repayable in monthly and quarterly installments and the last installment due on December 2022.

c) Loans installments which are due before 30 June 2018 are classified as current liabilities, and the remaining installments which are due after that date are classified as non - current liabilities.

16. TRADE AND OTHER PAYABLES CURRENT AND NON-CURRENT

a) *Trade and other payables - current*

This item consists of the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Trade payables	70,524,484	40,355,475
Bank acceptances	----	2,549,470
Post dated cheques issued - current - Note 16 (c & d)	5,939,441	3,518,124
Related parties - payables - Note 22 (b)	1,104,970	36,082
Accrued expenses	77,330	81,359
Advance payment received from customers	20,721,863	21,365,907
Provision for leave salaries and air tickets	701,634	749,681
Unearned revenue	926,765	295,416
Deposit from others	38,720	28,720
Interest payables	237,759	226,014
Dividend payables	2,616,252	2,795,079
Others	3,194,499	1,233,295
Total - Exhibit A	106,083,717	73,234,622

b) *Trade and other payable - non-current*

This item consists of the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Post dated cheques issued - non-current - Note 16 (c & d)	351,264	153,344
Total - Exhibit A	351,264	153,344

c) Post dated cheques issued amounting to AED 6,290,705 (Note 16 (a & b)) are due during the period from July 2017 to April 2020.

d) Post dated cheques issued that are due before 30 June 2018 are classified as current liabilities, and cheques that are due after that date are classified as non - current liabilities.

17. CAPITAL

As per the Authorized Organization Structure incorporated in Abu Dhabi by Amiri Decree No. 5 for the year 1974 the capital amounting to AED 300,000,000 is divided into 300,000,000 shares of AED 1 each.

18. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	6 months ended 30 June	
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Salaries and related benefits	**2,617,074**	2,556,677
Rent	**4,664,865**	409,505
Depreciation on property and equipment - Note 10 (b)	**515,244**	76,492
Maintenance expenses	**303,190**	627,226
Legal expenses	**211,319**	348,838
Communication expenses	**91,516**	80,186
Printing and stationary	**101,103**	58,162
Bank charges	**59,896**	252,092
Insurance expenses	**104,975**	123,232
Management remuneration	**150,000**	----
Miscellaneous expenses	**450,470**	431,245
Total - Exhibit B	9,269,652	4,963,655

19. OTHER (LOSS)

This item consists of the following :

	6 months ended 30 June	
	30 June 2017 (Unaudited)	30 June 2016 (Unaudited)
Rental income	**765,401**	882,027
Gain from disposal of property and equipment	----	239,996
(Loss) on sales of investment in financial assets	**(23,794,119)**	(20,107,361)
Dividend income	**9,584,908**	10,229,100
Transportation (loss) / income	**(434,444)**	585,968
Others	**39,689**	49,860
Net - Exhibit B	(13,838,565)	(8,120,410)

20. BANK FACILITIES

Fund and non-fund bank facilities are granted against the following securities :

- Hypothecation over machineries amounting AED 33,000,000/- in favor of Ajman Bank.
- Assignment of insurance policy over factory located on plot # 41003, Dubai Industrial City Dubai amounting AED 40,000,000/- assigned to Ajman Bank.
- Cash margin / fixed deposit under lien as specified under Schedule " A" supported by lien over deposit agreement.

21. RISK MANAGEMENT

The company monitors and manages the financial risks relating to its business and operations. These risks includes credit risk, foreign currency risk, market price risk, interest rate risk and liquidity risk.

The company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

a) *Credit risk*

Credit risk refers to the risk that a debtor will default on its contractual obligations resulting in financial loss to the company. The company maintains a credit policy that states dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The company monitors, regularly, the credit ratings of its debtors and the volume of transactions with those debtors during the period. Ongoing credit evaluation is performed on the financial condition of debtors. However, credit risk exposure are insignificant. The carrying amount of financial assets recorded in the consolidated interim financial statements represents the company's maximum exposure to credit risk without taking into account the value of any collateral obtained. Financial assets which potentially subject the company to concentration of credit risk consists principally of banks current accounts, bank term deposit and trade receivables. The current accounts and bank term deposit are with high credit quality financial institutions.

Credit risk relating to trade receivables is mentioned in Note 7 (b).

b) *Foreign currency risk*

The company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the period. The company maintains policies and procedures to manage the exchange rate risk exposure.

c) *Market price risk*

Market prices risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issue or factors affecting all instruments traded in the market.

Financial instrument that expose the company to market price risk is investment in financial assets and properties.

d) *Interest rate risk*

Interest rate is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company is exposed to interest rate risk on bank term deposit, overdraft and borrowings from banks respectively.

e) *Liquidity risk*

The company's management adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the company.

The following table shows the maturity dates of company's financial assets and liabilities as at 30 June 2017 (Unaudited).

	Less than 1 year	**More than 1 year**	**Total**
Financial assets			
Non-interest bearing	**60,193,791**	**332,578,007**	**392,771,798**
Interest bearing	**630,951**	----	**630,951**
Total	**60,824,742**	**332,578,007**	**393,402,749**
Financial liabilities			
Non-interest bearing	**106,083,717**	**351,264**	**106,434,981**
Interest bearing	**36,168,527**	**233,875,478**	**270,044,005**
Total	**142,252,244**	**234,226,742**	**376,478,986**

The following table shows the maturity dates of company's financial assets and liabilities as at 31 December 2016 (Audited).

Financial assets	Less than 1 year	More than 1 year	Total
Non-interest bearing	52,335,172	279,884,898	332,220,070
Interest bearing	630,951	----	630,951
Total	52,966,123	279,884,898	332,851,021
Financial liabilities			
Non-interest bearing	73,234,622	153,344	73,387,966
Interest bearing	31,421,661	242,395,871	273,817,532
Total	104,656,283	242,549,215	347,205,498

22. RELATED PARTIES

In the ordinary course of business the company conducts transactions with the following parties which fall within the definition of related parties in accordance to the International Financial Reporting Standards, and consists of the following :

a) *RELATED PARTY - RECEIVABLE*

This item consists of the following :	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Saif Bin Darwish	169,988	----
Total - Note 7 (a)	169,988	----

b) *RELATED PARTIES - PAYABLES*

This item consists of the following :	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Al Omeria Printing and Publishing	119,372	29,382
Saif Bin Darwish	----	6,700
Darwish Bin Ahmad and Sons	985,598	----
Total - Note 16 (a)	1,104,970	36,082

c) Significant transaction with related parties are as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Sales	898,986	1,506,490
Purchases	1,882,006	2,235,281

23. FINANCIAL ASSETS AND LIABILITIES

This item consists of the following:	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Financial assets		
Cash and cash equivalents	5,104,234	2,964,834
Bank term deposit	630,951	630,951
Trade and other receivables	55,089,557	49,370,338
Investments in financial asset	332,494,682	279,801,573
Other investments	83,325	83,325
Total	393,402,749	332,851,021
Financial liabilities		
Bank over draft	5,477,587	730,721
Borrowings	264,566,418	273,086,811
Trade and other payables	106,434,981	73,387,966
Total	376,478,986	347,205,498

24. CONTINGENT LIABILITIES

This item consists of the following:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Letters of guarantee	**781,800**	4,064,650
Letters of credit	**200,514**	4,644,000
Security and guarantee cheques	**8,405,650**	1,390,000

25. LITIGATION

As per the lawyers letter received from the company's advocate and legal consultants the company had filed a suit case against customers claiming an amount of AED 52,939,070. The court has given its final judgment to pay an amount of AED 21,298,039. The remaining amount of AED 31,641,031 is currently still pending.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the consolidated interim financial statements presentation for the current period.

27. SUBSEQUENT EVENT

Board of Directors met on the 4 July 2017 and agreed on the continuity of the company and the use of reserves to cover the accumulated losses.

28. GENERAL

The figures in the consolidated financial statements are rounded to the nearest U.A.E. Dirham.

29. APPROVAL OF FINANCIAL STATEMENTS

The consolidated interim financial statements were approved by the Board of Directors and authorized for issue in their meeting on 14 August 2017.