



Sharjah Cement & Industrial Development Co. شركة الشارقة للأسمنت والتنمية الصناعية

In the name of Allah, the Most Gracious, Most Merciful

BOARD OF DIRECTORS' ANNUAL REPORT

Dear Shareholders,

On behalf of the Board of Directors and myself, I welcome you to the 37th Annual General Meeting of your Company.

The year witnessed a huge drop in oil price after three consecutive years of triple digit prices. The long-term strategic plan for GCC States meant there have been no major reaction to low oil prices in form of huge spending cuts. This has proved to be a better year than 2013 and demand for our products were consistent, both in the local and neighbouring GCC countries. The momentum of construction for EXPO 2020, and private sector construction activity has visibly increased.

Dear Shareholders,

As indicated to you during last Annual General Meeting in 2014, the company has completed the Waste Heat Recovery Project of recycling waste energy from our operation into generating 8.5 MW electricity. This was successfully commissioned during January 2015. The company will save up to AED 25 Million per annum in cost of production.

Similarly, the company has completed the expansion of our Rope Manufacturing Unit and relocated the same to better location.

On the environment front, your company have awarded contract to build a covered storage space for a large quantity of clinker we hold from time to time. This Project will meet with Ministry of Environment requirement and improve the general environment in the vicinity of our Factory.

Cement Industry continues to suffer from huge over capacity in the country. As a consequence sales are with very little margin. The demand has been gradually improving both locally and in the export market.



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Finance

Your company has attained sale of AED 675 Million, which was better by 8% than previous year. The company has sold over 500,000 MT of clinker at cost to both unlock tied capital and address the concerns over environmental issue related to large stock piles in the open.

The net profit attained from all our activities was AED 63 Million, which was 28% better than 2013. Major part of the net profit was attributed to investment activity. The Board has recommended a dividend distribution of 10% amounting to AED 55.3 Million.

Your company has taken the advantage of long awaited improvement in the local stock markets and attained a net profit from sale of investments of AED 30 Million, and still retain a surplus in Fair Value to AED 105 Million in the Balance Sheet.

The Year Ahead

We have already entered into a period of uncertainty and lower growth all over the world with only some bright areas where the growth could be above average. Europe is still suffering from the after effect of financial crisis of 2008, resulting into lower growth, higher unemployment and heavy burden on Governments to keep injecting very large funds into the economy to avoid further deterioration. Other large economies like China and Russia are both undergoing reduction in growth. In our MENA region several conflicts have emerged and this is likely to continue for a while. Within GCC States prudent policies of the past will allow the Governments to withstand the lower oil revenue for foreseeable future. Most of the construction projects both in public and private sectors will continue to completion. We remain optimistic that this will enable us to predict a better 2015 for your company. We are also optimistic about regional stock market, especially after being given "emerging market" status, which will open opportunities for both foreign investment to participate in our markets and encourage more companies in listing in the market.

Finally, it gives us the honour to express our sincere gratitude to H.H. Dr. Shaikh Sultan Bin Mohamed Al Qassimi, Ruler of Sharjah and Member of Supreme Council for his continuous guidance and support.

I would also like to thank the fellow Board Members, Management and Employees of the Company for their dedicated efforts and devotion in achieving Company's objectives.

Ahmed Abdulla Al Noman
Chairman