

## BOARD OF DIRECTORS' ANNUAL REPORT

*Dear Shareholders,*

*On behalf of the Board of Directors and myself, I welcome you to the 38<sup>th</sup> Annual General Meeting of your Company.*

*The year 2015 was beginning of tough years to come with the oil prices hitting almost seven year low in 2015. The ramifications were becoming apparent with a clear slowdown in major project contracts awards as well as raft of reports about schemes being shelved or sealed back. The slowdown of growth across the emerging markets has been a key factor behind oil and other commodity price to slump.*

*With respect to our products, the cement demand remained as previous year but with lower selling prices, and our rope manufacturing did get affected by lower demand from our traditional MENA market and strengthening of Dollar. Over-capacity in cement will remain for a foreseeable future and our Industry will have to adjust to this reality.*

*Dear Shareholders,*

*During the year your company has successfully operated the Waste Heat Recovery Plant and generated over 8 MW per hour during the 10 months from commissioning. Federal Ministry of Environment have certified the Project. Savings in electricity cost is reflected in the gross profit improvement from previous year.*

*Your Company has also completed construction of covered storage facilities to cover the clinker and coal stock piles to meet the Environment Ministry's requirements.*

*Your Board has also approved to replace part of Paper Sacks Factory Equipment at a cost of AED 30 Million. New machines will be erected and commissioned by end May 2016, which will also increase the manufacturing capacity by 50%.*

*During the year, we have also been certified by American Petroleum Institute to manufacture oil well cement. We have started manufacturing, and will market an additional product in 2016.*

## **Finance**

*Your company has attained sale of AED 637 Million with almost 75% improvement in gross profit in comparison to 2014. This was possible due to saving from operation of Waste Heat Recovery Plant and lower international prices of energy.*

*The net profit attained from all our activities was AED 62 Million, which was similar to 2014, however, most of the profit was generated from industrial operation.*

*Both local as well as international markets were badly affected by lower oil prices and uncertainties in economic growth cycle. Markets were down from beginning of the year, not conducive for trading, which affected our investment income. Thus Board of Directors have recommended 7% as Cash Dividend to the Shareholders.*

## **Looking Ahead**

*We see a very tough 2016. This is the year when Governments across the region will respond to the impact of low oil prices by cutting subsidies, raising taxes, increase borrowing, cut spending to fundamentally readjust fiscal policies. This rebuilding of the economy will see liquidity tightening and a hardening of market conditions.*

*Despite a predicted tough year, we see some economic drives like the 2020 event in UAE and 2022 event in Qatar will create further opportunities for demand for our product that will see us through the difficult year ahead.*

*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 the Company's objectives.*

*Ahmed Abdulla Al Noman  
Chairman*