Sharjah Cement and Industrial Development Co. (PJSC)

FINANCIAL STATEMENTS

31 DECEMBER 2015

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC)

Report on the financial statements

We have audited the accompanying financial statements of Sharjah Cement and Industrial Development Co. (PJSC) ("the Company") which comprise the statement of financial position as at 31 December 2015 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the applicable provisions of the articles of association of the Company and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHARJAH CEMENT AND INDUSTRIAL DEVELOPMENT CO. (PJSC) (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015, and the Articles of Association of the Company;

iii) the Company has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2015 are disclosed in notes 9 and 12 to the financial statements;

vi) note 25 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2015 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2015 and

viii) note 28 reflects the social contributions made during the year.

Ernst & Young

Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

28 February 2016

Sharjah, United Arab Emirates

INCOME STATEMENT
For the year ended 31 December 2015

	Notes	*2015* *AED'000*	*2014* *AED'000*
Sales		**636,875**	675,327
Cost of sales		**(560,043)**	(631,566)
GROSS PROFIT		**76,832**	43,761
General and administration expenses		**(15,559)**	(14,418)
Selling and distribution costs		**(4,945)**	(4,678)
Finance costs	3	**(11,785)**	(13,698)
Investment income	4	**14,390**	49,407
Miscellaneous income		**3,165**	2,581
PROFIT FOR THE YEAR	3	**62,098**	62,955
Basic and diluted earnings per share	5	**AED 0.11**	AED 0.11

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Notes	***2015*** ***AED'000***	*2014* *AED'000*
Profit for the year		**62,098**	62,955
Other comprehensive income			
Other comprehensive income that could be reclassified to profit or loss in subsequent periods:			
(Decrease)/ increase in fair value of available for sale investments	9 & 17	**(48,979)**	19,171
Net realised gain on disposal of available for sale investments transferred to income statement	4 & 17	**(3,485)**	(30,045)
Other comprehensive income/(loss) for the year		**(52,464)**	(10,874)
Total comprehensive income for the year		**9,634**	52,081

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	*2015* *AED'000*	*2014* *AED'000*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**857,745**	855,974
Investment properties	7	**114,102**	110,733
Investment in associate	8	**42,125**	42,125
Available for sale investments	9	**278,653**	336,111
		1,292,625	1,344,943
Current assets			
Inventories	10	**264,137**	277,848
Accounts receivable and prepayments	11	**223,887**	196,692
Trading securities	12	**9,618**	15,665
Bank balances and cash	13	**60,857**	54,009
		558,499	544,214
TOTAL ASSETS		**1,851,124**	1,889,157
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	**552,958**	552,958
Statutory reserve	15	**334,091**	334,091
General reserve	16	**226,373**	226,373
Retained earnings		**187,163**	166,072
Cumulative changes in fair value	17	**52,880**	105,344
Proposed cash dividend	18	**38,707**	55,296
Total equity		**1,392,172**	1,440,134
Non-current liabilities			
Term loan	19	**127,137**	143,762
Employees' end of service benefits	20	**27,001**	25,214
		154,138	168,976
Current liabilities			
Accounts payable and accruals	21	**110,507**	133,566
Payable against construction of property, plant and equipment	22	**6,035**	6,341
Bank overdrafts	13	**-**	149
Current portion of term loan	19	**85,925**	65,713
Short term loans	23	**102,347**	74,278
		304,814	280,047
Total liabilities		**458,952**	449,023
TOTAL EQUITY AND LIABILITIES		**1,851,124**	1,889,157

Ahmed Abdulla Al Noman
Chairman

P. J. Batavia
Chief Executive

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2015

	Notes	*2015 AED'000*	*2014 AED'000*
OPERATING ACTIVITIES			
Profit for the year		**62,098**	62,955
Adjustments for:			
Depreciation on property, plant and equipment	6	**49,418**	43,954
Depreciation on investment properties	7	**1,994**	1,994
Provision for employees' end of service benefits	20	**3,565**	2,676
Profit on sale of property, plant and equipment		**(639)**	(316)
Net gain on disposal of investment properties	4	**-**	(4,831)
Net gain on disposal of available for sale investments	4 & 17	**(3,485)**	(30,045)
Provision for impairment of available for sale investments	9	**5,000**	-
Net loss/(gain) on sale of trading securities	4	**(36)**	282
Changes in fair value of trading securities	4	**1,696**	622
Dividend and other investment income	4	**(12,565)**	(15,435)
Interest expense	3	**11,785**	13,698
		118,831	75,554
Working capital changes:			
Inventories		**13,711**	35,631
Receivables		**(27,195)**	6,452
Payables		**(30,055)**	(10,646)
Cash from operations		**75,292**	106,991
Employees' end of service benefits paid	20	**(1,778)**	(430)
Net cash from operating activities		**73,514**	106,561
INVESTING ACTIVITIES			
Net movement in trading securities		**4,387**	(4,370)
Additional investment in associate		**-**	(5,803)
Purchase of property, plant and equipment	6	**(51,189)**	(90,785)
Purchase of investment properties	7	**(5,363)**	-
Payable against construction of property, plant and equipment		**(306)**	(4,680)
Dividend and other investment income	4	**12,565**	15,435
Purchase of available for sale investments	9	**(21,282)**	(66,061)
Proceeds from disposal of available for sale investments	9	**24,761**	108,028
Proceeds from sale of property, plant and equipment		**639**	466
Proceeds from sale of investment properties	7	**-**	5,100
Net cash used in investing activities		**(35,788)**	(42,670)
FINANCING ACTIVITIES			
Proceeds from term loans		**58,800**	165,375
Repayment of term loans		**(55,213)**	(14,700)
Proceeds from short term loans		**314,049**	307,441
Short term loans repaid		**(285,980)**	(449,393)
Dividends paid		**(52,921)**	(38,580)
Interest paid		**(9,464)**	(11,847)
Net cash used in financing activities		**(30,729)**	(41,704)
INCREASE IN CASH AND CASH EQUIVALENTS		**6,997**	22,187
Cash and cash equivalents at 1 January		**53,860**	31,673
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13	**60,857**	53,860

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Share capital AED'000 (Note 14)	*Statutory reserve AED'000 (Note 15)*	*General reserve AED'000 (Note 16)*	*Retained earnings AED'000*	*Cumulative changes in fair value AED'000 (Note 17)*	*Proposed cash dividend AED'000 (Note 18)*	*Total AED'000*
At 1 January 2015	552,958	334,091	226,373	166,072	105,344	55,296	1,440,134
Profit for the year	-	-	-	62,098	-	-	62,098
Other comprehensive income	-	-	-	-	(52,464)	-	(52,464)
Total comprehensive income for the year	-	-	-	62,098	(52,464)	-	9,634
Dividends payable transferred to current liabilities (Note 18)	-	-	-	-	-	(55,296)	(55,296)
Directors fees (Note 25)	-	-	-	(2,300)	-	-	(2,300)
Proposed cash dividend	-	-	-	(38,707)	-	38,707	-
At 31 December 2015	**552,958**	**334,091**	**226,373**	**187,163**	**52,880**	**38,707**	**1,392,172**

The attached notes 1 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Share capital AED'000 (Note 14)	*Statutory reserve AED'000 (Note 15)*	*General reserve AED'000 (Note 16)*	*Retained earnings AED'000*	*Cumulative changes in fair value AED'000 (Note 17)*	*Proposed cash dividend AED'000 (Note 18)*	*Total AED'000*
At 1 January 2014	552,958	334,091	226,373	171,652	116,218	27,648	1,428,940
Profit for the year	-	-	-	62,955	-	-	62,955
Other comprehensive income	-	-	-	-	(10,874)	-	(10,874)
Total comprehensive income for the year	-	-	-	62,955	(10,874)	-	52,081
Dividends payable transferred to current liabilities (Note 18)	-	-	-	(13,824)	-	(27,648)	(41,472)
Reversal of directors' fees *	-	-	-	1,350	-	-	1,350
Directors fees (Note 25)	-	-	-	(765)	-	-	(765)
Proposed cash dividend	-	-	-	(55,296)	-	55,296	-
At 31 December 2014	552,958	334,091	226,373	166,072	105,344	55,296	1,440,134

*Due to a revision in the rate of dividends payable, there was a revision in the directors' fees. Accordingly the excess amount was reversed (Note 25).

The attached notes 1 to 29 form part of these financial statements.

1 ACTIVITIES

Sharjah Cement and Industrial Development Co. (PJSC) (the "Company") was incorporated in Sharjah, United Arab Emirates in 1977 under an Emiri Decree issued by H.H. The Ruler of Sharjah and has since been registered under the Commercial Companies Law No. 8 of 1984 (as amended) and the UAE Federal Law No. (2) of 2015 as a public shareholding company. It is engaged in the manufacture and supply of cement, paper sacks and plastic ropes. The Company invests its surplus funds in investment securities, private equities and properties.

The Company operates from Sharjah, UAE and sells its products in the UAE and certain other countries in the Middle East, Africa and Asia. The Company's registered office is at P O Box 2083 Sharjah, UAE. The shares of the Company are traded on the Abu Dhabi Securities Exchange and the Kuwait Stock Exchange.

These financial statements were authorised for issue in accordance with a resolution of the Board of directors on 28 February 2016.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Accounting convention
These financial statements are prepared under the historical cost convention, except for available-for-sale investments, trading securities and derivatives that have been measured at fair value.

The financial statements have been presented in UAE Dirhams, which is also the functional currency of the Company, and all values are rounded to the nearest thousand (AED'000) except where otherwise indicated.

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and applicable requirements of United Arab Emirates Laws.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards and interpretations

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for annual accounting periods beginning on or after 1 January 2015, except as indicated otherwise. The nature and the impact of each new standard and amendment is described below:

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Company, since none of the entities within the Company has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

IFRS 2 Share-based Payment
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. These amendments did not impact the Company's financial statements or accounting policies as Company has no share based payment arrangements.

IFRS 3 Business Combinations
The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Company's current accounting policy and, thus, this amendment did not impact the Company's accounting policy.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Annual Improvements 2010-2012 Cycle (continued)

IFRS 8 Operating Segments
The amendments are applied retrospectively and clarify that:
An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.

The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. These amendments did not impact the Company's financial statements or accounting policies.

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13. Thus, this amendment did not impact the accounting policy of the Company.

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Company has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment did not impact the accounting policy of the Company.

Standards issued but not yet effective
The relevant standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The nature and the impact of the new standards and amendments applicable to the Company are described below:

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is expected to have an effect on the classification and measurement of the Company's financial assets, but no impact on the classification and measurement of the Company's financial liabilities.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer, this standard would not apply.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers
The standard replaces IAS 11, 'Construction contracts', IAS 18,'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard from the required effective date.

IFRS 16 Leases
IFRS 16 was issued in January 2016 replacing IAS 17 and applies to annual reporting periods beginning on or after 1 January 2019. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is currently assessing the impact of IFRS 16 and plans to adopt the new standard from the required effective date.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Annual Improvements 2012-2014 Cycle
These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
Assets (or disposal Groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Annual Improvements 2012-2014 Cycle (continued)

IFRS 7 Financial Instruments: Disclosures
(i) Servicing contracts
The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements
The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits
The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting
The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively. These amendments are not expected to have any impact on the Company.

IFRS 10 Consolidated Financial Statements and IAS 28 - Investments in Associates & Joint Ventures
The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue
Sales represent the aggregate invoiced amount of goods supplied during the year, net of discounts and returns. Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards associated with ownership have been transferred to the buyer.

Investment income
(i) Interest income is recognised on a time proportion basis after taking account of the principal outstanding and the interest rate applicable.
(ii) Dividend income is accounted for when the right to receive the dividend is established.
(iii) Rental income from letting out of investment properties is accounted for on a straight-line basis over the lease terms.

Realised gains and losses
Realised gains and losses recorded in the income statement on investments include gains and losses on financial assets and on investment properties. Realised gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Property, plant and equipment
Property plant and equipment are stated at cost, less accumulated depreciation and any impairment in value. Land and capital projects in progress are not depreciated.

Depreciation is provided on a straight line basis on all property, plant and equipment, other than capital projects in progress and freehold land which is determined to have an indefinite life. The rates of depreciation are based upon the following estimated useful lives:

Freehold buildings	20 - 25 years
Plant and machinery	5 - 30 years
Furniture and equipment	5 years
Motor vehicles	3 - 5 years
Quarry costs	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such condition exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

The residual values, useful life and depreciation method are reviewed at each financial year-end with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Fully depreciated fixed assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investments. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on all investment properties, other than freehold land, which is determined to have an indefinite life. Freehold buildings are depreciated over a period of 25 years.

The carrying values of investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such conditions exist and where the carrying values exceed the estimated recoverable amounts, the investment properties are written down to their recoverable amounts.

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Expenditure incurred to replace a component of an item of investment property that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of investment properties. All other expenditure is recognised in the income statement as the expense is incurred.

Investment properties are derecognised either when they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in income statement in the year of retirement or disposal.

Investment in associate

An associate is an entity over which the Company has significant influence but not control, generally accompanying a shareholding of over 20% of the voting rights. An associate is an entity, not being a subsidiary or a joint venture, in which the Company has significant influence. The Company's investment in its associate is accounted for under the equity method of accounting.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of the net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised or separately tested for impairment. After application of the equity method, the Company determines whether it is necessary to recognise any impairment loss with respect to the Company's net investment in the associate. The income statement reflects the share of the results of operations of the associate.

When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised profits and losses resulting from transactions between the Company and its associate is eliminated to the extent of the interest in the associate.

The reporting dates of the associate and the Company are identical and where necessary, adjustments are made to the associate's accounting policies to conform to those used by the Company for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

• Raw materials, stores and spares and semi-finished goods purchased	-purchase cost on a weighted average basis.
• Raw materials produced locally, work in progress and finished goods	-cost of direct materials and labour plus attributable overheads based on normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when the collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, bank balances and short term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, if any.

Financial assets
The Company classifies its investments into financial assets at fair value through profit or loss and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date the Company commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the market place.

Financial assets at fair value through profit or loss, has two sub categories namely financial assets held for trading and those designated at fair value through profit or loss at inception. Investments typically bought with the intention to sell in the near future are classified as held for trading. For investments designated as at fair value through profit or loss, the following criteria must be met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on a different basis, or

- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis.

All investment securities are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value adjustments and realised gains and losses are recognised in the income statement.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or which are not classified in the above category. These investments are initially recorded at cost. Subsequent to initial recognition, these investments are remeasured at fair value. Fair value gains and losses are reported in other comprehensive income until the investment is derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative fair value gains and losses previously reported in equity are transferred to the income statement.

In the case of unquoted investments in shares where fair values cannot be reliably measured, such investments are carried at cost less provision for impairment.

Fair value measurement
The Company measures financial instruments, such as equity, debt and derivative instruments, and non-financial assets, such as investment properties (for disclosure purposes), at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derivative financial instruments
Derivatives are stated at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates. Derivatives with positive fair values (unrealised gains) are included in other assets and derivatives with negative fair values (unrealised losses) are included in other liabilities in the statement of financial position.

For the purposes of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (b) cash flow hedges which hedge exposure to variability in cash flows of a recognised asset or liability or a forecasted transaction.

In relation to effective fair value hedges, any gain or loss from remeasuring the hedging instrument to fair value as well as related changes in fair value of the item being hedged are recognised immediately in the income statement.

In relation to effective cash flow hedges, the gain or loss on the hedging instrument is recognised initially in equity and either transferred to the income statement in the period in which the hedged transaction impacts the income statement, or included in the initial measurement of the cost of the related asset or liability.

For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the income statement for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time:

(a) For fair value hedges of financial instruments with fixed maturities, any adjustment arising from hedge accounting is amortised over the remaining term to maturity.
(b) For cash flow hedges, any cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectibility of financial assets
An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised in the income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Available-for-sale financial investments
For available-for-sale financial investments, the Company assesses at each statement of financial position date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

Term loans
All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Employees' end of service benefits
The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is usually based upon the employees' salary and length of service subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

With respect to its national employees, the Company makes contributions to the General Pension and Social Security Authority. These contributions are calculated as a percentage of the employees' salaries. The Company's obligations are limited to these contributions, which are expensed when due.

Foreign currency translation
The Company's presentation currency is UAE Dirhams (AED). This is also the functional currency of the Company. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the income statement, except when it relates to items when gains or losses are recognised directly in equity, the gain or loss is then recognised net of the exchange component in equity.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingencies
Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognised in the financial statements:

Classification of investments
Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, carried at fair value through income statement or available for sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IAS 39 are met and, in particular that the Company has the intention and ability to hold these to maturity.

The Company classifies investments as trading if they are acquired primarily for the purpose of making a short term profit.

Classification of investments as fair value through income statement depends on how management monitors the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of profit or loss in the management accounts, they are classified as fair value through income statement.

All other investments are classified as available for sale.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgments (continued)

Impairment of investments

The Company treats available for sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgement. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and discount factors for unquoted equities.

Operating Lease Commitments-Company as Lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Distinction between investment properties and owner-occupied properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Company accounts for these portions separately. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property.

Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated useful lives of property, plant and equipment and investment properties

The cost of property, plant and equipment and investment properties are depreciated over the estimated useful life, which is based on the expected usage of the asset, expected physical wear and tear, and the repairs and maintenance program and the residual value. Management periodically reviews estimated useful lives and the depreciation methods to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the assets.

Valuation of investment properties

The Company uses the services of independent market valuers to determine the market value of investment properties for the purposes of their impairment review and disclosure in the financial statements.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Impairment of accounts receivable

An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, gross trade accounts receivable were AED 205,777 thousand (2014: AED 180,632 thousand), and the provision for doubtful debts was AED 7,992 thousand (2014: AED 8,939 thousand). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.

Impairment of inventories

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

At the statement of financial position date, gross stores and spares, finished goods, work in progress and semi finished goods were AED 222,785 thousand (2014: AED 213,629 thousand), with provisions for old and obsolete inventories of AED 24,944 thousand (2014: AED 29,396 thousand). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the income statement.

Physical verification of purchased semi finished goods and work in progress

Purchased semi finished goods and work in progress consisting mainly of clinker is stored in the open yard. Since a specific weighing of these inventories is not practicable, management estimates the quantities on hand at the year end by taking measurements of the stock piles and converting these measurements to volumes by using angle of repose and the bulk density. The measurements of the stock piles, angle of repose and the bulk density are certified by the Company's technical manager.

3 PROFIT FOR THE YEAR

The profit for the year is stated after charging:

	2015	*2014*
	AED'000	*AED'000*
Staff costs:		
Wages and salaries	**37,388**	33,869
End of service benefits	**3,565**	2,676
Other employee benefits	**21,074**	20,450
	62,027	56,995
Finance costs:		
Bank interest	**518**	2,406
Long term loan interest	**7,633**	4,276
Short term loan interest	**3,634**	7,016
	11,785	13,698
Inventory expensed on sale of finished goods	**392,973**	412,600

4 INVESTMENT INCOME

	2015 *AED'000*	*2014* *AED'000*
Realised gains		
Net gain on sale of available for sale investments	**3,485**	30,045
Net gain/ (loss) on sale of trading securities	**36**	(282)
	3,521	29,763
Fair value (losses)/ gains		
Changes in fair value of trading securities	**(1,696)**	(622)
Other investment income		
Rental income from investment properties, net of depreciation (Note 7)	**2,830**	2,805
Dividend income- available for sale investments	**11,199**	11,176
Interest income	**992**	868
Loss on derivatives	**(1,783)**	-
Realised gain on disposal of investment property	**-**	4,831
Others	**(673)**	586
	12,565	20,266
	14,390	49,407

5 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year, net of directors' fees, by the weighted average number of shares outstanding during the year as follows:

	2015	*2014*
Profit for the year, net of directors' fees	**AED 59,797,973**	AED 62,190,023
Weighted average number of shares outstanding during the year	**552,957,951**	552,957,951
Basic earnings per share	**AED 0.11**	AED 0.11

The Company has not issued any instruments which would have any impact on earnings per share when exercised. Based on this, the diluted earnings per share is as follows:

	2015	*2014*
Diluted earnings per share	**AED 0.11**	AED 0.11

NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2015

6 PROPERTY, PLANT AND EQUIPMENT

	Freehold land AED'000	*Freehold buildings AED'000*	*Plant and machinery AED'000*	*Furniture and equipment AED'000*	*Motor vehicles AED'000*	*Quarry costs AED'000*	*Capital projects in progress AED'000*	*Total AED'000*
Cost:								
At 1 January 2015	32,902	362,606	1,086,347	35,682	43,986	4,364	69,563	1,635,450
Additions	-	-	3,413	2,212	1,146	-	44,418	51,189
Disposals	-	(771)	(1,710)	-	(2,613)	-	-	(5,094)
Transfers	-	20,230	82,690	-	-	-	(102,920)	-
At 31 December 2015	**32,902**	**382,065**	**1,170,740**	**37,894**	**42,519**	**4,364**	**11,061**	**1,681,545**
Depreciation:								
At 1 January 2015	-	183,246	520,061	31,527	41,213	3,429	-	779,476
Charge for the year	-	11,293	35,453	1,298	1,310	64	-	49,418
Relating to disposals	-	(771)	(1,710)	-	(2,613)	-	-	(5,094)
At 31 December 2015	-	**193,768**	**553,804**	**32,825**	**39,910**	**3,493**	-	**823,800**
Net carrying amount:								
At 31 December 2015	**32,902**	**188,297**	**616,936**	**5,069**	**2,609**	**871**	**11,061**	**857,745**

NOTES TO THE FINANCIAL STATEMENTS
As at 31 December 2015

6 PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land AED'000	*Freehold buildings AED'000*	*Plant and machinery AED'000*	*Furniture and equipment AED'000*	*Motor vehicles AED'000*	*Quarry costs AED'000*	*Capital projects in progress AED'000*	*Total AED'000*
Cost:								
At 1 January 2014	32,902	345,292	1,065,405	34,658	44,306	3,397	20,473	1,546,433
Additions		12,228	7,213	1,024	1,298	-	69,022	90,785
Disposals	-	-	-	-	(1,618)	-	(150)	(1,768)
Transfers	-	5,086	13,729	-	-	967	(19,782)	-
At 31 December 2014	32,902	362,606	1,086,347	35,682	43,986	4,364	69,563	1,635,450
Depreciation:								
At 1 January 2014	-	172,468	489,224	30,457	41,594	3,397	-	737,140
Charge for the year		10,778	30,837	1,070	1,237	32	-	43,954
Relating to disposals	-	-	-	-	(1,618)	-	-	(1,618)
At 31 December 2014	-	183,246	520,061	31,527	41,213	3,429	-	779,476
Net carrying amount:								
At 31 December 2014	32,902	179,360	566,286	4,155	2,773	935	69,563	855,974

The depreciation charge has been allocated in the income statement as follows:

	2015 AED'000	*2014 AED'000*
Included in cost of sales	**48,486**	42,972
Included in general and administration expenses	**932**	982
	49,418	43,954

7 INVESTMENT PROPERTIES

	Undeveloped land in Sharjah AED'000	*Undeveloped land in Dubai AED'000*	*Developed land in Sharjah AED'000*	*Buildings in Sharjah AED'000*	*Total AED'000*
Cost:					
At 1 January 2015	47,939	24,968	9,447	49,289	131,643
Additions	5,363	-	-	-	5,363
At 31 December 2015	**53,302**	**24,968**	**9,447**	**49,289**	**137,006**
Depreciation:					
At 1 January 2015	-	-	-	20,910	20,910
Charge for the year	-	-	-	1,994	1,994
At 31 December 2015	-	-	-	**22,904**	**22,904**
Net carrying amount:					
At 31 December 2015	**53,302**	**24,968**	**9,447**	**26,385**	**114,102**
Estimated fair values:					
At 31 December 2015	**134,716**	**39,931**	**12,392**	**63,608**	**250,647**

	Undeveloped land in Sharjah AED'000	*Undeveloped land in Dubai AED'000*	*Developed land in Sharjah AED'000*	*Buildings in Sharjah AED'000*	*Total AED'000*
Cost:					
At 1 January 2014	48,208	24,968	9,447	49,289	131,912
Disposals	(269)	-	-	-	(269)
At 31 December 2014	47,939	24,968	9,447	49,289	131,643
Depreciation:					
At 1 January 2014	-	-	-	18,916	18,916
Provided during the year	-	-	-	1,994	1,994
At 31 December 2014	-	-	-	20,910	20,910
Net carrying amount:					
At 31 December 2014	47,939	24,968	9,447	28,379	110,733
Estimated fair values:					
At 31 December 2014	125,646	33,716	11,153	64,904	235,419

Fair values have been determined based on valuations performed by independent property consultants and brokers.

Rental income of AED 4,824 thousand (2014: AED 4,799 thousand) has been earned from investment properties and disclosed as net of depreciation charge of AED 1,994 thousand (2014: AED 1,994 thousand) (Note 4).

The fair value of investment properties has been determined using level 3 fair value hierarchy (Note 29).

8 INVESTMENT IN ASSOCIATE

	2015	*2014*
	AED'000	*AED'000*
Investment in associate	**42,125**	36,322
Additions during the year	**-**	5,803
Share of results for the year	**-**	-
Carrying value as of 31 December	**42,125**	42,125

The investment in associate represents a 34.48% (2014: 34.48%) holding in Auto Line Industrial Parks Limited, which is registered in India and involved in developing industrial parks. The investment in Auto Line Industrial Parks Limited is treated as an investment in associate as the Company does not have the power to govern the financial and operating policies of the investee company.

The following table illustrates summarised information of the Company's investment in the associate:

Associate's statement of financial position:

	2015	*2014*
	AED'000	*AED'000*
Current assets	**57,037**	57,866
Non-current assets	**59**	85
Current liabilities	**(481)**	(548)
Net assets	**56,615**	57,403
Share of associate's statement of financial position:	**19,520**	19,792
Associate's revenue and results:		
Revenue	**0.497**	0.393
Profit/ (loss)	**(142)**	(74)
Share of associate's profit/ (loss):	**(49)**	(25)
Associate's contingent liabilities:	**111**	116
Share of associate's contingent liabilities:	**38**	40

9 AVAILABLE FOR SALE INVESTMENTS

	31 December 2015			*31 December 2014*		
	Quoted AED'000	***Unquoted AED'000***	***Total AED'000***	*Quoted AED'000*	*Unquoted AED'000*	*Total AED'000*
Equity securities						
UAE	**177,542**	**4,394**	**181,936**	214,760	5,554	220,314
Outside UAE	**35,799**	**60,918**	**96,717**	43,565	72,232	115,797
	213,341	**65,312**	**278,653**	258,325	77,786	336,111

9 AVAILABLE FOR SALE INVESTMENTS (continued)

Unquoted equity securities amounting to AED 65,312 thousand (2014: AED77,786 thousand) are carried at cost less provision for impairment, where applicable, due to the unpredictable nature of future cash flows and the lack of suitable other methods for arriving at a reliable fair value. Investments carried at cost primarily comprise private equity entities and funds in a start-up stage, with projects still under construction as of the reporting date. The Company intends to hold such investments either for long term investment purposes or until such time when an appropriate exit is available.

Movements in the available for sale investments were as follows:

	2015 *AED'000*	*2014* *AED'000*
At 1 January	**336,111**	358,907
Purchased during the year	**21,282**	66,061
Changes in fair value	**(48,979)**	19,171
Disposed during the year	**(24,761)**	(108,028)
Provision for impairment of unquoted equity securities	**(5,000)**	-
At 31 December	**278,653**	336,111

10 INVENTORIES

	2015 *AED'000*	*2014* *AED'000*
Raw materials	**65,024**	88,882
Work in progress and semi-finished goods	**95,833**	81,339
Finished goods	**16,066**	19,232
Goods in transit	**1,272**	4,733
Stores and spares	**85,942**	83,662
	264,137	277,848

11 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2015 *AED'000*	*2014* *AED'000*
Trade accounts receivable (net of provision)	**197,785**	171,693
Advances to suppliers	**3,750**	4,184
Advances for purchase of investment property	**17,927**	17,503
Other receivables	**1,764**	2,290
Prepaid expenses	**2,661**	1,022
	223,887	196,692

As at 31 December 2015, trade receivables at nominal value of AED 7,992 thousand (2014: AED 8,939 thousand) were impaired. Movements in the allowance for impairment of receivables were as follows:

	2015 *AED'000*	*2014* *AED'000*
At 1 January	**8,939**	8,939
Charge for the year	**225**	-
Written off during the year	**(172)**	-
Unused amounts reversed	**(1,000)**	-
At 31 December	**7,992**	8,939

12 TRADING SECURITIES

	31 December 2015		*31 December 2014*	
	Quoted AED'000	***Total AED'000***	*Quoted AED'000*	*Total AED'000*
Outside UAE	**9,618**	**9,618**	15,665	15,665

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2015 AED'000	*2014 AED'000*
Bank balances and cash	**60,857**	54,009
Bank overdrafts	**-**	(149)
	60,857	53,860

Bank overdrafts are unsecured. Bank balances and cash include deposits amounting to AED 8,339 thousand (2014: AED 4,056 thousand) placed with banks outside the UAE.

Total undrawn facilities where conditions precedent were met amounted to AED 239,549 thousand as at 31 December 2015 (2014: AED 280,909 thousand).

14 SHARE CAPITAL

	2015 AED'000	*2014 AED'000*
Issued and fully paid:		
552,957,951 shares (2014: 552,957,951 shares) of AED 1 each	**552,958**	552,958

15 STATUTORY RESERVE

As required by the UAE Commercial Companies Law and the Company's Articles of Association, a minimum 10% of the profit for the year has to be transferred to the statutory reserve until such reserve equals 50% of the paid up share capital. The shareholders may resolve to discontinue such transfers as the reserve is in excess of 50% of the issued share capital. The reserve is not available for distribution except in circumstances as stipulated by the Law.

The Board of Directors has not proposed any further transfer to the statutory reserve as the reserve is in excess of 50% of the paid up share capital.

16 GENERAL RESERVE

As per the Company's Articles of Association, 10% of the profit for the year has to be transferred to a general reserve until the reserve reaches 25% of the paid up share capital. This reserve is available for distribution at the recommendation of the directors and the approval of the shareholders in an ordinary general meeting.

The Board of Directors has not proposed any further transfer to the general reserve as the reserve is in excess of 25% of the paid up share capital.

17 CUMULATIVE CHANGES IN FAIR VALUE

This reserve records fair value changes on financial instrument held at fair value through other comprehensive income, i.e. available for sale securities.

	2015 *AED'000*	*2014* *AED'000*
Available for sale securities		
At 1 January	**105,344**	116,218
Net (decrease)/ increase in fair value during the year	**(48,979)**	19,171
Less: Realised gains during the year	**(3,485)**	(30,045)
Balance of cumulative changes in fair value at 31 December	**52,880**	105,344

18 DIVIDENDS PAID AND PROPOSED

The Board of Directors has proposed a cash dividend amounting to AED 38,707 thousand at AED 0.07 per share of AED 1 each. No scrip dividend has been proposed. These are subject to the approval of the shareholders at the Annual General Meeting.

For the year ended 31 December 2014, the Board of Directors had proposed a cash dividend amounting to AED 55,296 thousand at AED 0.10 per share of AED 1 each. No scrip dividend was proposed. Subsequently, the shareholders, at the annual general meeting held on 4 April 2015, approved a cash dividend amounting to AED 55,296 thousand at AED 0.10 per share of AED 1 each.

19 TERM LOANS

	2015 *AED'000*	*2014* *AED'000*
Current portion	**85,925**	65,713
Non-current portion	**127,137**	143,762
	213,062	209,475

During the year, the Company entered into a term loan agreement for AED 58,800 thousand (equivalent of USD 16,000 thousand) with a commercial bank in the UAE for capital expenditure financing purposes. The term loan is unsecured and carried interest at floating commercial rates. The balance of this loan as at 31 December 2015 was AED 58,800 thousand (2014: AED Nil).

During the previous year, the Company entered into a term loan agreement for AED 91,875 thousand (equivalent of USD 25,000 thousand) with a commercial bank in the UAE for capital expenditure financing purposes. The term loan is unsecured and carried interest at floating commercial rates. The balance of this loan as at 31 December 2015 was AED 76,563 thousand (2014: AED 91,875 thousand).

During 2013, the Company entered into a term loan agreement for AED 73,500 thousand (equivalent of USD 20,000 thousand) with a commercial bank outside the UAE for capital expenditure financing purposes. The term loan is unsecured and carried interest at floating commercial rates. The balance of this loan as at 31 December 2015 was AED 63,000 thousand (2014: AED 73,500 thousand).

During 2012, the Company entered into a term loan agreement for AED 73,500 thousand (equivalent of USD 20,000 thousand) with a commercial bank outside the UAE for general corporate financing purposes. The term loan is unsecured and carried interest at floating commercial rates. The balance of this loan as at 31 December 2015 was AED 14,700 thousand (2014: AED 44,100 thousand).

Interest rate and repayment terms are disclosed in Note 27.

20 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position are as follows:

	2015 *AED'000*	*2014* *AED'000*
Provision as at 1 January	**25,214**	22,968
Provided during the year	**3,565**	2,676
End of service benefits paid	**(1,778)**	(430)
Provision as at 31 December	**27,001**	25,214

21 ACCOUNTS PAYABLE AND ACCRUALS

	2015 *AED'000*	*2014* *AED'000*
Trade accounts payable	**53,934**	78,219
Accrued expenses and other payables	**42,156**	43,305
Unclaimed dividends due to shareholders	**14,417**	12,042
	110,507	133,566

The Company is a party to forward foreign exchange contracts which are used to manage foreign exchange risks. All forward foreign exchange contracts are entered into with a bank outside the UAE.

As of 31 December 2015, the Company held a number of foreign exchange contracts with varying maturity dates upto 2016 under which the Company contracted to buy/sell (GBP/USD) a total of GBP 8,450 thousand (2014: Nil).

As of 31 December 2015, the negative fair value of forward contracts amounted to AED 214 thousand and is included under other payables (2014: Nil). The total amount of loss recognised in the income statement during the year ended 31 December 2015 amounted to AED 1,783 thousand (2014: Nil).

22 PAYABLE AGAINST CONSTRUCTION OF PROPERTY, PLANT AND EQUIPMENT

Payable against construction of property, plant and equipment mainly represents amounts payable for waste heat recovery system project, construction of cement mill and labour accommodation.

23 SHORT TERM LOANS

Short term loans consist of trust receipts and working capital loans.

(a) Trust receipts
During the year, the Company obtained trust receipts of AED 37,873 thousand (2014: AED 34,546 thousand) which are unsecured, repayable within 120 days and carry interest at floating commercial rates. The balance of the trust receipts as at 31 December 2015 was AED 19,379 thousand (2014: AED Nil thousand).

(b) Working capital loans
During the year, the Company obtained working capital loan facilities of AED 276,176 thousand (2014: AED 272,895 thousand) which are secured by promissory notes in favour of the banks. These loans carry interest at floating commercial rates and are repayable as per the terms of the loan agreements, which are less than 12 months from the date of the financial position. The balance of these loans as of 31 December 2015 was AED 82,968 thousand (2014: AED 74,278 thousand).

24 SEGMENT INFORMATION

Primary segment information

For management purposes, the Company is organised into two major operating segments as follows:

- Manufacturing segment comprises cement, paper sacks and ropes products.
- Investment segment comprises investment and cash management for the Company's own account.

Manufacturing segment is organised into three operating business units as follows:

- Cement division is engaged in the manufacture and supply of cement.
- Paper sacks division is engaged in the manufacture and supply of paper sacks.
- Ropes division is engaged in the manufacture and supply of plastic ropes.

Investment segment is organised into two business units as follows:

- Investment in public and private equities & funds, mainly in the GCC and Asia.
- Investment and letting out of properties in the UAE.

The above segments are the basis on which the management monitors the operating results of these segments for the purpose of making decisions about resource allocation and performance assessment. Transactions between segments are eliminated on consolidation. Segmental information is presented below:

	Investment AED'000	*Cement Factory AED'000*	*Papersack Factory AED'000*	*Gulf Rope & Plastic Products AED'000*	*Inter-segment elimination AED'000*	*Total AED'000*
31 December 2015						
Manufacturing						
Sales	-	542,400	36,326	63,515	(5,366)	636,875
Cost of sales	-	(467,663)	(28,946)	(63,683)	249	(560,043)
Gross profit	-	74,737	7,380	(168)	(5,117)	76,832
Miscellaneous income	-	2,904	219	103	(2,503)	723
Expenses	-	(4,849)	(4,067)	(2,611)	2,612	(8,915)
Net segment results	-	72,792	3,532	(2,676)	(5,008)	68,640
Investment						
Income from investment in private and public equities and funds	12,351	-	-	-	-	12,351
Interest income	3,456	36	7	-	(2,507)	992
Other income/(expenses)	(1,783)	-	-	-	-	(1,783)
	14,024	36	7	-	(2,507)	11,560
Income from investment properties	4,824	-	-	-	-	4,824
Depreciation	(1,994)	-	-	-	-	(1,994)
	2,830	-	-	-	-	2,830
Net segment results	16,854	36	7	-	(2,507)	14,390
Finance costs	(9,437)	(2,272)	(2,550)	(33)	2,507	(11,785)
Unallocated income and expenses-Head office	(14,153)	-	-	-	5,008	(9,145)
Unrealised profit on stock	-	-	-	-	(2)	(2)
Profit/ (loss) for the year	(6,736)	70,556	989	(2,709)	(2)	62,098

24 SEGMENT INFORMATION (continued)

Primary segment information (continued)

	Investment AED'000	*Cement Factory AED'000*	*Papersack Factory AED'000*	*Gulf Rope & Plastic Products AED'000*	*Inter-segment elimination AED'000*	*Total AED'000*
31 December 2014						
Manufacturing						
Sales	-	572,534	46,836	61,601	(5,644)	675,327
Cost of sales	-	(532,823)	(36,730)	(61,723)	(290)	(631,566)
Gross profit	-	39,711	10,106	(122)	(5,934)	43,761
Miscellaneous income	-	2,612	72	195	(499)	2,380
Expenses	-	(4,965)	(4,228)	(2,343)	2,746	(8,790)
Net Segment Results	-	37,358	5,950	(2,270)	(3,687)	37,351
Investment						
Income from investment in Private and public equities and funds	40,903	-	-	-	-	40,903
Interest income	4,363	34	11	-	(3,540)	868
Other income/(expenses)	202	-	-	-	-	202
	45,468	34	11	-	(3,540)	41,973
Income from investment properties	4,799	-	-	-	-	4,799
Realised gain on sale of investment properties	4,831	-	-	-	-	4,831
Depreciation	(1,994)	-	-	-	-	(1,994)
	7,636	-	-	-	-	7,636
Net segment results	53,104	34	11	-	(3,540)	49,609
Finance costs	(12,174)	(1,158)	(3,631)	(275)	3,540	(13,698)
Unallocated income and expenses-Head office	(13,998)	-	-	-	3,687	(10,311)
Unrealised profit on stock	-	-	-	-	4	4
Profit/ (loss) for the year	26,932	36,234	2,330	(2,545)	4	62,955

24 SEGMENT INFORMATION (continued)

Other information

31 December 2015

	Manufacturing							
	Cement Factory AED'000	***Papersack Factory AED'000***	***Gulf Rope & Plastic Products AED'000***	***Total AED'000***	***Unallocated Assets & Liabilities-Head Office AED'000***	***Total AED'000***	***Investment AED'000***	***Total AED'000***
Segment assets	**1,186,040**	**55,080**	**110,192**	**1,351,312**	**46,305**	**1,397,617**	**453,507**	**1,851,124**
Segment liabilities	**92,687**	**6,249**	**3,634**	**102,570**	**356,168**	**458,738**	**214**	**458,952**
Depreciation	**44,438**	**219**	**4,356**	**49,013**	**405**	**49,418**	**1,994**	**51,412**
Capital expenditure	**44,069**	**6,297**	**269**	**50,635**	**491**	**51,126**	**63**	**51,189**

31 December 2014

	Manufacturing							
	Cement Factory AED'000	*Papersack Factory AED'000*	*Gulf Rope & Plastic Products AED'000*	*Total AED'000*	*Unallocated Assets & Liabilities-Head Office AED'000*	*Total AED'000*	*Investment AED'000*	*Total AED'000*
Segment assets	1,170,842	32,153	127,003	1,329,998	49,779	1,379,777	509,380	1,889,157
Segment liabilities	100,449	7,993	14,031	122,473	326,550	449,023	-	449,023
Depreciation	40,608	214	2,715	43,537	417	43,954	1,994	45,948
Capital expenditure	72,854	399	17,360	90,613	172	90,785	-	90,785

24 SEGMENT INFORMATION (continued)

Geographical information
The following table presents revenue, asset and liability information regarding geographic segments for the years ended 31 December 2015 and 2014.

31 December 2015

	Domestic						International						
	Cement Factory AED'000	*Papersack Factory AED'000*	*Gulf Rope & Plastic Products AED'000*	*Unallocated Assets & Liabilities Investment AED'000*	*Unallocated Assets & Liabilities Head office AED'000*	*Total AED'000*	*Cement Factory AED'000*	*Gulf Rope Paper sack factory AED'000*	*& Plastic products AED'000*	*Unallocated Assets & Liabilities Investment AED'000*	*Unallocated Assets & Liabilities Head office AED'000*	*Total AED'000*	*Grand Total AED'000*
Revenue	431,914	7,940	34,976	-	-	474,830	110,486	23,020	28,539	-	-	162,045	636,875
Investment income	-	-	-	16,426	-	16,426	-	-	-	(2,036)	-	(2,036)	14,390
Assets	1,162,932	52,054	107,779	296,118	29,052	1,647,935	23,108	3,026	2,413	157,389	17,253	203,189	1,851,124
Liabilities	91,335	3,949	3,153	-	255,006	353,443	1,352	2,300	481	214	101,162	105,509	458,952
Capital expenditure	44,069	6,297	269	63	491	51,189	-	-	-	-	-	-	51,189

24 SEGMENT INFORMATION (continued)

31 December 2014

	Domestic						*International*						
	Cement Factory AED'000	*Papersack Factory AED'000*	*Gulf Rope & Plastic Products AED'000*	*Investment AED'000*	*Unallocated Assets & Liabilities Head office AED'000*	*Total AED'000*	*Cement Factory AED'000*	*Gulf Rope Paper sack factory AED'000*	*& Plastic products AED'000*	*Investment AED'000*	*Unallocated Assets & Liabilities Head office AED'000*	*Total AED'000*	*Grand Total AED'000*
Revenue	425,544	6,847	34,313	-	-	466,704	146,990	34,345	27,288	-	-	208,623	675,327
Investment income	-	-	-	48,029	-	48,029	-	-	-	1,378	-	1,378	49,407
Assets	1,153,132	28,335	124,653	331,127	33,595	1,670,842	17,710	3,818	2,350	178,253	16,184	218,315	1,889,157
Liabilities	99,531	3,674	7,360	-	183,739	294,304	918	4,319	6,671	-	142,811	154,719	449,023
Capital expenditure	72,854	399	17,360	-	172	90,785	-	-	-	-	-	-	90,785

Property, plant and equipment and investment properties are located in the United Arab Emirates. Investment in associate is classified as International.

25 RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Compensation of the key management personnel is as follows:

	2015 *AED'000*	*2014* *AED'000*
Short term employee benefits and end of service benefits	**14,274**	14,614
Total compensation paid to key management personnel	**14,274**	14,614
Number of key management personnel	**22**	22
Director's fees	**2,300**	765
Reversal of directors' fees	**-**	(1,350)

26 COMMITMENTS AND CONTINGENT LIABILITIES

Commitments
As at the year end, the Company has capital expenditure commitments contracted for with an estimated cost of AED 27,275 thousand (2014: AED 25,685 thousand).

The Company has a commitment for AED 6,359 thousand (2014: AED 10,161 thousand) on account of investments made in securities and funds. The Company has to pay this amount as and when calls are made by the funds' managers/investee company.

Contingent liabilities
At 31 December 2015 the Company had contingent liabilities in respect of bank guarantees relating to performance bonds, from which it is anticipated that no material liabilities will arise, amounting to AED 2,631 thousand (2014: AED 4,362 thousand).

27 RISK MANAGEMENT

The Company's principal financial instruments include bank loans and overdrafts, trade payables and other payables. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as available for sale and trading investments, trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, equity price risk, credit risk, liquidity risk and foreign currency risk. The Board of Director reviews and agrees policies for managing each of these risks which are summarised below.

27 RISK MANAGEMENT (continued)

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdrafts, term loans and short term loans).

Details of maturities of the major classes of interest bearing financial instruments as at 31 December are as follows:

31 December 2015

	Less than 1 year AED'000	***1 to 5 years AED'000***	***Total AED'000***	***Effective interest rate***
Time deposits (Included in cash and cash equivalents)	**8,339**	**-**	**8,339**	**less than 1%**
Term loans	**(85,925)**	**(127,137)**	**(213,062)**	**2.75% to 4.00%**
Short term loans	**(102,347)**	**-**	**(102,347)**	**3.50% to 4.00%**
	(179,933)	**(127,137)**	**(307,070)**	

31 December 2014

	Less than 1 year AED'000	*1 to 5 years AED'000*	*Total AED'000*	*Effective interest rate*
Time deposits (Included in cash and cash equivalents)	4,056	-	4,056	less than 1%
Bank overdrafts	(149)	-	(149)	4.5% to 5.5%
Term loans	(65,713)	(143,762)	(209,475)	3% to 4%
Short term loans	(74,278)	-	(74,278)	4.5% to 5.5%
	(136,084)	(143,762)	(279,846)	

There is no significant difference between contractual repricing or maturity dates.

The following table demonstrates the sensitivity of the statement of income to reasonably possible changes in interest rates, with all other variables held constant.

The sensitivity of the statement of income is the effect of the assumed changes in interest rates on the Company's profit for the year, based on the floating rate financial assets and financial liabilities held at 31 December 2015.

	Increase/ decrease in basis points	*Effect on profit for the year AED'000*
2015	**+25**	**(768)**
	- 50	**1,535**
2014	+25	(700)
	- 50	1,400

27 RISK MANAGEMENT (continued)

Equity price risk
Equity price risk is the risk that the fair values of equities decrease as the result of changes in the levels of equity indices and the value of individual stocks. The equity price risk exposure arises from the Company's investment portfolio.

To mitigate the equity price risk, the Company's available for sale investments and trading securities are managed by the Company's Chief Executive Officer under the supervision of the Board of Directors.

The effect on equity (arising on the available-for-sale investments) and on the income statement (arising on investments held for trading) due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

	2015			*2014*		
	Change in equity price %	***Effect on equity AED'000***	***Effect on income statement AED'000***	*Change in equity price %*	*Effect on equity AED'000*	*Effect on income statement AED'000*
All investments:						
(Mainly Dubai Financial Market, Abu Dhabi Securities Exchange and Kuwait Stock Exchange)	**10**	**21,334**	**962**	10	25,832	1,567

Investments at cost
The effect on equity and on the income statement of unquoted equity securities cannot be determined due to the unpredictable nature of future cash flows and the lack of suitable other methods for arriving at a reliable fair value. The effect of equity price changes can only be determined when such investments are disposed off or impaired.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. For all classes of financial assets held by the Company, the maximum exposure to credit risk to the Company is the carrying value as disclosed in the statement of financial position.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- The Company limits its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and obtaining bank guarantees wherever considered necessary.
- The Company's bank balances are maintained with a range of international and local banks in accordance with limits set by the management.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position:

	2015 AED'000	*2014 AED'000*
Trade and other receivables	**199,549**	173,983
Bank balances	**60,355**	53,547
Total credit risk exposure	**259,904**	227,530

Where financial instruments are recorded at fair value, the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in value.

For more details on the maximum exposure to credit risk for each class of financial instrument, references have been made to the specific notes.

27 RISK MANAGEMENT (continued)

Credit risk (continued)

The Company's financial position can be analysed by the following geographical regions:

	2015			*2014*		
	Assets AED'000	***Liabilities and equity AED'000***	***Contingent liabilities and commitments AED'000***	*Assets AED'000*	*Liabilities and equity AED'000*	*Contingent liabilities and commitments AED'000*
United Arab Emirates	**1,647,935**	**1,745,615**	**6,713**	1,670,842	1,734,439	19,594
Other Middle East countries	**107,918**	**96,689**	**2,269**	112,472	143,579	6,138
Rest of the world	**95,271**	**8,820**	**27,283**	105,843	11,139	14,476
Total	**1,851,124**	**1,851,124**	**36,265**	1,889,157	1,889,157	40,208

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties.

31 December 2015

	Neither past due nor impaired				
	High grade AED'000	***Standard grade AED'000***	***Sub-standard grade AED'000***	***Past due or impaired AED'000***	***Total AED'000***
Available for sale investments	**167,843**	**267,570**	-	-	**435,413**
Accounts receivable (excluding prepayments)	**221,226**	-	-	**7,992**	**229,218**
Trading securities	**9,618**	-	-	-	**9,618**
Bank balances and cash	**60,857**	-	-	-	**60,857**
	459,544	**267,570**	-	**7,992**	**735,106**
Less: Impairment provision					(164,752)
					570,354

31 December 2014

	Neither past due nor impaired				
	High grade AED'000	*Standard grade AED'000*	*Sub-standard grade AED'000*	*Past due or impaired AED'000*	*Total AED'000*
Available for sale investments	190,607	305,799	-	-	496,406
Accounts receivable (excluding prepayments)	195,670	-	-	8,939	204,609
Trading securities	15,665	-	-	-	15,665
Bank balances and cash	54,009	-	-	-	54,009
	455,951	305,799	-	8,939	770,689
Less: Impairment provision					(169,234)
					601,455

27 RISK MANAGEMENT (continued)

Credit risk (continued)
The following table provides an age analysis of trade receivables:

	Up to 90 days AED'000	*90 to 120 days AED'000*	*Above 120 days AED'000*	*Total AED'000*	*Past due and impaired AED'000*	*Total AED'000*
31 December 2015	**133,101**	**37,939**	**34,737**	**205,777**	**(7,992)**	**197,785**
31 December 2014	124,354	31,006	25,272	180,632	(8,939)	171,693

The Company generally provides credit facility up to 90 days.

Where assets are classified as 'past due and impaired' with contractual payments in arrears are more than 180 days, an impairment adjustment is recorded in the statement of income for this. When the credit exposure is adequately secured or when the management is confident of recovery, arrears more than 180 days might still be classified as 'past due but not impaired", with no impairment adjustment recorded.

The Company sells its products to a large number of ready mix concrete producers, cement producing companies and cement retailers. Its 10 largest customers account for 66 % of outstanding accounts receivable at 31 December 2015 (2014: 60%).

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its commitments associated with trade payables and term loans when they fall due.

The Company limits its liquidity risk by ensuring adequate bank facilities are available.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

At 31 December 2015	***Less than 3 months AED'000***	***3 to 12 months AED'000***	***1 to 5 years AED'000***	***Total AED'000***
Accounts payable and accruals	**92,869**	**17,638**	**-**	**110,507**
Payable against construction of property, plant and equipment	**100**	**5,935**	**-**	**6,035**
Term loans and short term loans	**54,027**	**141,776**	**132,222**	**328,025**
Total	**146,996**	**165,349**	**132,222**	**444,567**

At 31 December 2014	*Less than 3 months AED'000*	*3 to 12 months AED'000*	*1 to 5 years AED'000*	*Total AED'000*
Accounts payable and accruals	114,982	18,584	-	133,566
Payable against construction of property, plant and equipment	5,711	630	-	6,341
Bank overdrafts	156	-	-	156
Term loans and short term loans	21,487	124,846	149,512	295,845
Total	142,336	144,060	149,512	435,908

27 RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturity of the assets and liabilities of the Company at the statement of financial position date.

	31 December 2015				
	Less than one year AED'000	*More than one year AED'000*	*No Term AED'000*	*Total AED'000*	*Less than one year AED'000*
ASSETS					
Property, plant and equipment	-	-	857,745	857,745	-
Investment properties	-	-	114,102	114,102	-
Investment in associate	-	-	42,215	42,215	-
Available for sale investments	-	-	278,653	278,653	-
Inventories	264,137	-	-	264,137	277,848
Accounts receivable and prepayments	223,887	-	-	223,887	196,692
Trading securities	9,618	-	-	9,618	15,665
Bank balances and cash	60,857	-	-	60,857	54,009
TOTAL ASSETS	558,499	-	1,292,715	1,851,124	544,214
EQUITY AND LIABILITIES					
Equity					
Share capital	-	-	552,958	552,958	-
Statutory reserve	-	-	334,091	334,091	-
General reserve	-	-	226,373	226,373	-
Retained earnings	-	-	187,163	187,163	-
Cumulative changes in fair value	-	-	52,880	52,880	-
Proposed cash dividend	-	-	38,707	38,707	-
Total equity	-	-	1,392,172	1,392,172	-
Liabilities					
Term loans	-	127,137		127,137	-
Employees' end of service benefits	-	-	27,001	27,001	-
Accounts payable and accruals	110,507	-	-	110,507	133,566
Payable against construction of property, plant and equipment	6,035	-	-	6,035	6,341
Bank overdrafts	-	-	-	-	149
Current portion of term loans	85,925	-	-	85,925	65,713
Short term loans	102,347	-	-	102,347	74,278
Total liabilities	304,814	127,137	27,001	458,952	280,047
TOTAL EQUITY AND LIABILITIES	304,814	127,137	1,419,173	1,851,124	280,047

27 RISK MANAGEMENT (continued)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's significant monetary assets and liabilities denominated in foreign currencies are in US Dollars. As the UAE Dirham is currently pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

The tables below indicate the currencies to which the Company had significant exposure at 31 December 2015 on its available for sale investments and investment in associate which are denominated in Kuwaiti Dinars and Indian Rupees. The analysis calculates the effect of a reasonably possible movement of the currency rate against the AED, with all other variables held constant on the income statement and equity.

Currency	***Change in currency rate in % 2015***	***Effect on profit 2015 AED'000***	*Change in currency rate in % 2014*	*Effect on profit 2014 AED'000*
KD	**±10**	**5,724**	±10	7,403
INR	**±10**	**6,975**	±10	6,975

Capital management

The primary objective of the Company's capital management is to comply with the requirements in the UAE and to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. Capital comprises share capital, statutory reserve, general reserve and retained earnings and is measured at AED 1,300,585 thousand as at 31 December 2015 (2014: AED 1,279,494 thousand).

28 SOCIAL CONTRIBUTION

During the year, the Company made social contributions as below:

Name of Party	***2015 AED'000***	*2014 AED'000*
Sharjah City for Humanitarian Services	**250**	250
Khorfakkan Club for Handicapped	**147**	25
Sharjah Ladies Club	**50**	-
Sharjah Charity House	-	50
Al Bataeh Cultural & Sports Club	-	50
Al Bataeh Ladies Club	-	30
Others	**40**	40
Total	**487**	445

29 FAIR VALUE

Determination of fair value and fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2015	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Financial assets				
Investments available for sale				
Quoted investments	-	-	-	-
Equity securities	**213,341**	-	-	**213,341**
	213,341	-	-	**213,341**
Trading securities:				
Equity securities	**9,618**	-	-	**9,618**
	9,618	-	-	**9,618**
Non-financial assets				
Investment properties (disclosure only)	-	-	**250,647**	**250,647**
Financial liability				
Derivative financial instruments				
Foreign currency contracts	-	**(214)**	-	**(214)**

31 December 2014	*Level 1 AED'000*	*Level 2 AED'000*	*Level 3 AED'000*	*Total AED'000*
Financial assets				
Investments available for sale				
Quoted investments				
Equity securities	258,325	-	-	258,325
	258,325	-	-	258,325
Trading securities:				
Equity securities	15,665	-	-	15,665
	15,665	-	-	15,665
Non-financial assets				
Investment properties (disclosure only)	-	-	235,419	235,419

Investments in unquoted available-for-sale securities are carried at cost less provision for impairment, where relevant as management believes that no reliable fair values are available.

29 FAIR VALUE (continued)

Financial instruments recorded at fair value
Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The main asset classes in this category are unlisted equity investments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Company. Therefore, unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

Fair value of financial assets and liabilities not carried at fair value
The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Available for sale investments
For available for sale investments in unquoted private equities and funds, where no fair value is currently available, these are carried at cost less provision for impairment, where relevant.

Trade and other receivables and trade payables
For trade and other receivables and trade and other payables it is assumed that the carrying amounts approximate their fair values as these have short term maturities.

Fair value of non-financial assets and liabilities
Investment properties
Fair value of investment properties is determined by independent property consultants and brokers based on the market value of similar properties and the same is disclosed in Note 7.