NATIONAL CEMENT COMPANY
(PUBLIC SHAREHOLDING CO.)
DUBAI

Annual report and financial statements

Year ended December 31, 2014

Contents

شركة الإسمنت الوطنية.ش.م.ع.
National Cement Co. p.s.c.

Board of Directors Report for the year ended on 31.12. 2014

Dear Shareholders
"Assalam Alikum"

On behalf of the Board of Directors of National Cement Company (PSC), Dubai, and myself we are pleased to welcome you and would like to thank all the shareholders for attending this General Assembly Meeting. It is our pleasure to put forward a brief report about the results of the company based on the Audited Financial Statements for the year 2014.

First: Production and Sales

The production of all type of cement for the year 2014 was 1,227,011 metric tons based on the market demand while the corresponding sales in value was AED.228, 284,000

Second: Projects

1 -It has been observed that the inventory of produced clinker has been increasing at other cement plants in UAE due to sluggish sales and lower demand of local consumption prompting to further pressure on selling prices.
2 -There has been a 15% reduction in the quantity of cement sales during the first quarter of the year in comparison to previous year and it has already prompted reduction in selling prices by other producers.
3 -In order to combat the dwindling supply scenario and to maintain our reasonable market share of sales the selling prices have been reduced by 10% or approximately AED 20/- per ton.
Our company is taking all necessary measures to counter the increase in cost of production and decrease in selling price by following means:
(A) Maximizing use of Pet Coke dust based on its availability in order to achieve saving in energy consumption costs.
(B) Use of alternative raw materials wherever possible and available with lower cost.
(C) Utilizing heat recovery from the process for re-use in order to save on energy consumption
It is not possible to quantify the savings that will be achieved with the above efforts because of the availability and suitability to the existing process and maintaining the quality but our management is trying its best of efforts and hope of achieving the expected results making best use of the opportunities.
4. The Ordinary General Assembly Meeting Decisions on 01.04.2014 approving the allocation of ONE million dirham social assistance and charity were distributed this amount as follows: -
A - Central educational institutions.
B - Special Needs institutions.
C - To contribute to environmental protection programs in coordination with Dubai Municipality.

Commercial Registration No. 41150
Authorised and paid up Share Capital AED 358,800,000
P.O. Box 4041 Dubai - United Arab Emirates
Tel.: +971-4-3388885, Fax: +971-4-3388886

E-mail: cement@nationalcement.ae

سجل تجاري رقم ٤١١٥٠
اس المال المصرح به والمدفوع ٣٥٨,٨٠٠,٠٠٠ درهم
ص.ب :٤٠٤١ دبي- الامارات العربية المتحدة
هاتف : ٣٣٨٨٨٨٥-٤-٩٧١+ . فاكس : ٣٣٨٨٨٨٦-٤-٩٧١+

Third: Profit

The profit for the year ended 31st December 2014 amounts to AED (112,235,000). After discussion on the financial statements the Board of Directors have recommended paying dividend and appropriation of profit for the year 2014 as under:

A cash payment of 25% of paid up capital.

1) Since the Statutory Reserve is already 50% of the paid up capital, there is no need to transfer any further amount.
2) Since the General Reserve is already more than 10% of the paid up capital there is no need to transfer any further amount.
3) The Directors fees have been fixed at AED. 250,000/- for each sitting Director.

Fourth : Balance Sheet

The company has completed its annual accounts and prepared the financial statements for the year ended 31.12.2014 and handed it over to the auditors M/S. B.D.O. Chartered Accountants and Advisors to audit and provide their report and opinion on the financial statement.

The Board of Directors on the occasion of closing of accounts of the company would finally like to thank all concerned who have contributed their efforts in development of the company and express good wishes to the management and employees in their future endeavors.

"Assalam Alikum"

CHAIRMAN

ABDULLA AHMED AL- GHURAIR

Commercial Registration No. 41150
Authorised and paid up Share Capital
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Tel.: +971-4-3388885, Fax: +971-4-3388886

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سجل تجاري رقم ٤١١٥٠
راس المال المصرح به والمدفوع ٣٥٨,٨٠٠,٠٠٠ درهم
ص.ب: ٤٠٤١ دبي - الامارات العربية المتحدة
هاتف : ٣٣٨٨٨٨٥-٤-٩٧١+. فاكس : ٣٣٨٨٨٨٦-٤-٩٧١+

هاتف : ٢٨٦٩ ٢٢٢ ٤ ٩٧١+
فاكس : ٠١٥١ ٢٢٧ ٤ ٩٧١+

الطابق الثالث، برج الفطيم
شارع آل مكتوم . ديرة
ص.ب. ١٩٦١ . دبي . ا.ع.م

Tel: +971 4 222 2869
Fax: +971 4 227 0151
info@bdo.ae
www.bdo.ae

3rd Floor, Al Futtaim Tower
Al Maktoum Street, Deira
P O Box 1961, Dubai, UAE

Independent Auditors' Report

To the shareholders of National Cement Company (Public Shareholding Co.), Dubai

Report on the financial statements

We have audited the accompanying financial statements of National Cement Company (Public Shareholding Co.), Dubai ("the Company"), which comprise the statement of financial position as at December 31, 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

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. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 auditors' judgment, 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 auditors consider internal controls 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 internal controls. 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 aforementioned financial statements present fairly, in all material respects, the financial position of National Cement Company (Public Shareholding Co.), Dubai as at December 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the UAE Commercial Companies Law No. 8 of 1984 (as amended) or of the constitution of the Company came to our attention, which would materially affect the Company's financial position.

In our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The Company has also conducted stocktaking in accordance with established principles and the financial information contained in the Directors' report conforms to the financial statements.

BDO CHARTERED ACCOUNTANTS & ADVISORS
Yunus Yusuf Saifee
Reg. No. 418
March 12, 2015
Dubai

National Cement Company (Public Shareholding Co.), Dubai

Statement of financial position at December 31, 2014

	Note	AED'000	Restated 2013 AED'000	Restated 2012 AED'000
Non current assets				
Property, plant and equipment	5	188,961	200,878	206,516
Investment properties	6	2,924	2,924	2,924
Available for sale investments	7	1,535,059	1,428,042	1,112,423
Investment in an associate	8	82,582	71,359	69,679
Loan receivable from associate	9	289,000	343,000	388,000
Total non current assets		2,098,526	2,046,203	1,779,542
Current assets				
Available for sale investments	7	713	1,219	950
Loan receivable from associate	9	54,000	45,000	25,000
Inventories	10	58,819	56,019	86,009
Trade and other receivables	11	73,495	57,214	90,697
Due from related parties	12	31,777	58,549	56,097
Bank balances and cash	13	73,995	37,923	30,304
Total current assets		292,799	255,924	289,057
Current liabilities				
Due to related parties	12	31,100	26,223	39,784
Bank loan	14	54,000	45,000	25,000
Trade and other payables	15	32,907	27,649	31,584
Total current liabilities		118,007	98,872	96,368
Net current assets		174,792	157,052	192,689
Non current liabilities				
Provision for employees' end of service gratuities	16	25,580	24,794	23,380
Bank loan	14	289,000	343,000	388,000
Net assets		1,958,738	1,835,461	1,560,851
Equity				
Share capital	17	358,800	358,800	358,800
Share application money		26	26	26
Fair value reserve	18	806,566	693,711	426,614
General reserve	19	316,517	316,517	316,517
Statutory reserve	20	179,402	179,402	179,402
Foreign exchange reserve	8	(48,517)	(38,154)	(17,949)
Special reserve	21	15,900	-	-
Retained earnings		330,044	325,159	297,441
Total equity		1,958,738	1,835,461	1,560,851

These financial statements were approved and authorised for issue by the Board of Directors on March 12, 2015 and were signed on their behalf by:

Director

Director

National Cement Company (Public Shareholding Co.), Dubai

Statement of comprehensive income for the year ended December 31, 2014

	Note	AED'000	Restated 2013 AED'000
Revenue		228,284	243,087
Cost of sales	23	(205,054)	(206,249)
Gross profit		23,230	36,838
Other income	24	38,713	38,208
		61,943	75,046
Administration, selling and general expenses	25	(29,539)	(31,951)
Finance costs	26	(21,914)	(24,342)
Share of net profit in associate	8	21,586	10,971
		32,076	29,724
Finance income	27	80,159	71,754
Net profit for the year		112,235	101,478
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Net movement in fair value of available for sale investments	7	122,832	274,460
Change in foreign exchange reserve	8	(10,363)	(20,205)
Loss on dereocgnition of available for sale investments	27	(9,977)	(7,363)
Other comprehensive income for the year		102,492	246,892
Total comprehensive income for the year		214,727	348,370
Basic and diluted earnings per share	28	AED 0.31	AED 0.28

Statement of changes in equity for the year ended December 31, 2014

	Share capital AED'000	Share application money AED'000	Fair value reserve AED'000	General reserve AED'000	Statutory reserve AED'000	Foreign exchange reserve AED'000	Special reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance as at January 1, 2013	**358,800**	**26**	**426,614**	**316,517**	**179,402**	**(17,949)**	**-**	**297,441**	**1,560,851**
Transfer on derecognition of available for sale investments to statement of comprehensive income	-	-	(7,363)	-	-	-	-	-	(7,363)
Total comprehensive income for the year	-	-	274,460	-	-	(20,205)	-	101,478	355,733
Dividend (Note 22)	-	-	-	-	-	-	-	(71,760)	(71,760)
Directors' fee (Note 33)	-	-	-	-	-	-	-	(2,000)	(2,000)
Balance at December 31, 2013	**358,800**	**26**	**693,711**	**316,517**	**179,402**	**(38,154)**	**-**	**325,159**	**1,835,461**
Transfer on derecognition of available for sale investments to statement of comprehensive income	-	-	(9,977)	-	-	-	-	-	**(9,977)**
Total comprehensive income for the year	-	-	122,832	-	-	(10,363)	-	112,235	**224,704**
Transfer to special reserve (Note 21)	-	-	-	-	-	-	15,900	(15,900)	**-**
Dividend (Note 22)	-	-	-	-	-	-	-	(89,700)	**(89,700)**
Directors' fee (Note 33)	-	-	-	-	-	-	-	(1,750)	**(1,750)**
Balance at December 31, 2014	**358,800**	**26**	**806,566**	**316,517**	**179,402**	**(48,517)**	**15,900**	**330,044**	**1,958,738**

National Cement Company (Public Shareholding Co.), Dubai

Statement of cash flow for the year ended December 31, 2014

	Note	AED'000	Restated 2013 AED'000
Cash flows from operating activities			
Net profit for the year		112,235	101,478
Adjustments for:			
Depreciation	5	17,964	16,314
Gain on disposal of property, plant and equipment		(243)	(3,090)
Realised gain on disposal of available for sale investments	27	(14,219)	(4,817)
Loss on disposal of available for sale investments	27	5,555	10,558
Share of profit in an associate	8	(21,586)	(10,971)
Provision for employees' end of service gratuities	16	1,365	3,020
Interest expense	26	21,909	24,222
Interest income	24	(21,909)	(24,222)
Interest income from available for sale investments	27	(29,320)	(34,003)
Dividend income	27	(42,175)	(43,492)
Operating proft before working capital changes		29,576	34,997
Change in inventories	10	(2,800)	29,990
Change in trade and other receivables	11	(16,281)	33,483
Change in due from related parties	12	26,772	(2,452)
Change in trade and other payables	15	5,258	(3,935)
Change in due to related parties	12	2,549	(18,366)
Payment of end of service benefits	16	(579)	(1,606)
Net cash generated from operating activities		44,495	72,111
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(6,047)	(10,676)
Addition in available for sale investments	7	(228,742)	(373,417)
Investment in associate	8	-	(10,914)
Repayment of loan from associate	9	45,000	25,000
Proceeds from disposal of property, plant and equipment		243	3,090
Proceeds from disposal of available for sale investments		243,766	318,885
Interest received	24	21,909	24,222
Interest income from available for sale investments	27	29,320	34,003
Dividend income	27	42,175	43,492
Net cash from investing activities		147,624	53,685
Cash flows from financing activities			
Dividend paid	22	(87,388)	(66,955)
Interest paid	26	(21,909)	(24,222)
Repayment of bank loans	14	(45,000)	(25,000)
Directors' fee	33	(1,750)	(2,000)
Net cash used in financing activities		(156,047)	(118,177)
Net increase in cash and cash equivalents		36,072	7,619
Cash and cash equivalents at beginning of the year		37,923	30,304
Cash and cash equivalents at end of the year	13	73,995	37,923

1. Status and activities

National Cement Company (Public Shareholding Co.), Dubai ("the Company") is registered in accordance with the decree issued by His Highness Ruler of Dubai on April 10, 1968 establishing a cement company in the Emirate of Dubai and in accordance with the provisions of the UAE Commercial Companies Law No. 8 of 1984 (as amended). The registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

The principal activity of the Company is to manufacture and sell cement and cement related products. The Company also invests in investment securities and derivative products. The Company was listed on the Dubai Financial Market in 2005.

The financial statements for the year ended December 31, 2014 were authorized for issue by the Board of Directors on March 12, 2015.

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

2. Application of new and revised International Financial Reporting Standards (IFRSs)

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- ***IAS 32 Offsetting Financial Assets and Financial Liabilities*** **(Effective for annual periods beginning on or after January 1, 2014)**

The amendment to IAS 32 Financial Instruments: Presentation clarifies certain aspects because of diversity in application of the requirements on offsetting, focusing on the following aspects:
- the meaning of 'currently has a legally enforceable right of set-off';
- the application of simultaneous realisation and settlement;
- the offsetting of collateral amounts;
- the unit of account for applying the offsetting requirements.

The amendment has no impact on the Company's financial position or performance on adoption.

- ***IAS 36 Recoverable Amount Disclosures for Non-Financial Assets*** **(Effective for annual periods beginning on or after January 1, 2014)**

The amendment to IAS 36 Impairment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The amendment has no impact on the Company's financial position or performance on adoption.

2. Application of new and revised International Financial Reporting Standards (Continued)

New standards, interpretations and amendments not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after January 1, 2014:

- *IFRS 9 'Financial instruments (2009)'*

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The Company is yet to determine whether it shall adopt IFRS 9 (2009) or adopt IFRS 9 (2014) at a later date. Accordingly, the Company is yet to assess the full impact on adoption of IFRS 9.

- *IFRS 9 'Financial instruments (2010)'*

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

IFRS 9 (2014) was issued on July 24, 2014 and supersedes IFRS 9 (2010), but this version of the standard remains available for application if the relevant date of initial application is before February 1, 2015.

The Company is yet to determine whether it shall adopt IFRS 9 (2010) or adopt IFRS 9 (2014) at a later date. Accordingly, the Company is yet to assess the full impact on adoption of IFRS 9.

2. Application of new and revised International Financial Reporting Standards (Continued)

- ***IFRS 9 'Financial instruments (2013)' (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)***

A revised version of IFRS 9 incorporating revised requirements a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. It also permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss.

The revised version also removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

IFRS 9 (2014) was issued on July 24, 2014 and supersedes IFRS 9 (2013), but this version of the standard remains available for application if the relevant date of initial application is before February 1, 2015.

The Company is yet to determine whether it shall adopt IFRS 9 (2013) or adopt IFRS 9 (2014) at a later date. Accordingly, the Company is yet to assess the full impact on adoption of IFRS 9.

- ***IFRS 9 'Financial instruments (2014)'***

This is a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

2. Application of new and revised International Financial Reporting Standards (Continued)

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 9 (2014) was issued on July 24, 2014 and supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013), but this version of the standard remains available for application if the relevant date of initial application is before February 1, 2015.

The Company is yet to determine whether it shall adopt IFRS 9 (2013) or adopt IFRS 9 (2014) at a later date. Accordingly, the Company is yet to assess the full impact on adoption of IFRS 9.

- ***IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)' (Effective for annual periods beginning on or after January 1, 2016):***

  This amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

  These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

- ***IFRS 15 'Revenue from Contracts with Customers'* (Effective for annual periods beginning on or after January 1, 2017):**

  IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

  The five steps in the model are as follows:
  - Identify the contract with the customer;
  - Identify the performance obligations in the contract;
  - Determine the transaction price;
  - Allocate the transaction price to the performance obligations in the contracts;
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

  Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

  The Company has assessed and determined that these amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2017.

2. Application of new and revised International Financial Reporting Standards (Continued)

- ***IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)'* (Effective for annual periods beginning on or after January 1, 2016):**

  This amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

  - clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
  - introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated;
  - add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

  These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after January 1, 2016.

- ***IAS 19 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)'* (Effective for annual periods beginning on or after July 1, 2014):**

  This amends IAS 19 Employee Benefits to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after July 1, 2014.

- ***Annual Improvements to IFRSs 2010-2012 Cycle* (Effective for annual periods beginning on or after July 1, 2014):**

  IFRS 8 *Operating Segments*
  This improvement requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly. The amendment has no impact on the Company's financial position or performance on adoption.

  IFRS 13 *Fair Value Measurements*
  This improvement clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only). The amendment has not impacted on the Company's financial position or performance on adoption.

2. **Application of new and revised International Financial Reporting Standards (Continued)**

IAS 16 '*Property, Plant and Equipment*' and IAS 38 '*Intangible Assets*'
The improvement clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount. The amendment has not impacted on the Company's financial position or performance on adoption.

IAS 24 *Related Party Disclosures*
The improvement clarifies how payments to entities providing management services are to be disclosed. The amendment has no impact on the Company's financial position or performance on adoption.

- ***Annual Improvements to IFRSs 2011-2013 Cycle*** **(Effective for annual periods beginning on or after July 1, 2014):**

IFRS 13 Fair Value Measurements
This improvement clarifies the scope of the portfolio exception in paragraph 52. The amendment has not impacted on the Group's financial position or performance on adoption.

IAS 40 *Investment Property*
The improvement clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. The amendment has no impact on the Company's financial position or performance on adoption.

- ***Annual Improvements to IFRSs 2012-2014 Cycle*** **(Effective for annual periods beginning on or after July 1, 2016):**

IFRS 7 *Financial Instruments: Disclosures*
This improvement provides additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements. The annual improvement has not impacted the Company's financial position or performance on adoption.

IAS 19 *Employee Benefits*
This improvement clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid. The amendment has no impact on the Company's financial position or performance on adoption

IAS 34 *Interim Financial Reporting*
The improvement clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendment has no impact on the Company's financial position or performance on adoption.

3. Significant accounting policies

These financial statements are prepared under the historical cost convention except for financial instruments classified under available for sale which are stated at fair value and are in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Commercial Companies Law No. 8 of 1984 (as amended). The significant accounting policies adopted are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Capital work in progress is stated at cost, less accumulated depreciation and accumulated impairment losses. All costs related to specific assets incurred during the year are carried under this. These are transferred to specific assets when they are available for use.

Depreciation

Depreciation is provided consistently on a straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives as follows:

Buildings	3 - 14 years
Plant and machinery	3 - 25 years
Furniture, fixture and equipments	4 - 7 years
Motor vehicles	3 years

Investment properties

Investment properties are initially accounted for by using the cost model under *IAS 40 Investment property* and subsequent measurements are done in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model.

Investment properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided consistently on a straight line basis so as to write off the cost of investment properties over their estimated useful lives. Land forming part of the investment properties is not depreciated. Buildings forming part of the investment properties have been depreciated from the date of acquisition on a straight line basis so as to write off the cost of buildings over their estimated useful life of 10 years.

Investment in associate

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Company.

3. Significant accounting policies (Continued)

Investment in associate (Continued)

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

Joint arrangements

The Company is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:
- *Joint ventures*: where the group has rights to only the *net assets* of the joint arrangement
- *Joint operations*: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Company considers:
- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

The Company accounts for its interests in joint ventures in the same manner as investments in Associates (i.e. using the equity method - refer above).

Any premium paid for an investment in a joint venture above the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Company accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations

Impairments of non-financial assets (excluding inventories)

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Company's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

3. Significant accounting policies (Continued)

Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw materials is based on weighted average cost basis and includes expenditure incurred in acquiring raw material and bringing them to their present location and condition. Cost of work in progress and finished goods is based on weighted average cost basis and includes cost of raw material and attributable production labour and overheads. Cost of consumables and spare parts are valued based on the weighted average cost basis. Net realisable value is based on the normal selling price, less cost expected to be incurred on disposal.

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available for sale financial assets.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- Financial assets are classified as fair value through profit or loss when the financial asset is either a held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Loans and receivables

The Company's loans and receivables comprise of trade receivables, due from related parties, loan receivable from associate and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

3. Significant accounting policies (Continued)

Financial assets (Continued)

For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Company elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the statement of comprehensive income (operating profit).

Available for sale

The Company's available for sale financial assets are listed shares and listed redeemable notes held by the Company that are traded in an active market and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but are also classified as available for sale financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in statement of comprehensive income and accumulated in the fair value reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to statement of comprehensive income.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

Derivative financial instruments are categorized as held for trading unless they are designated as hedges. The Company has derivative instruments which do not qualify for hedge accounting. Changes in the fair value of such derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Provisions

Provisions are recognised in the statement of financial position when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting policies (Continued)

Employees' end of service gratuities

Provision is made for employees' end of service gratuities on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

Under Federal Labour Law No.7 of 1999 for pension and social security, employers at the option of the employee are required to contribute 15% of the 'contribution calculation salary' of those employees who are UAE national to the scheme. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The UAE national's employed by the Company have not opted for this scheme and hence no expense is incurred by the Company on this scheme.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liabilities consist of trade and other payables, bank loan and due to related parties. The trade and other payables and due to related parties are stated at cost and bank loan is recorded at the proceeds received less repayment. Other financial liabilities are initially measured at fair value, net of transaction costs. The subsequent measurement is at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is recognized when declared by the directors. In the case of final dividends, this is recognised when approved by the shareholders at the AGM.

3. Significant accounting policies (Continued)

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Profit or loss attributable to ordinary shareholders will be adjusted for any after tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity. Diluted EPS is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Revenue recognition

Revenue from the sales of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Rental income from investment properties and from other facilities leased is recognised on straight line basis over term of the relevant lease period.

Interest income is accrued once right to receive is established. Dividend income from investment is recognised when the shareholder's right to receive payment has been established.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Exchange difference arising on translation of investment in associate is taken as part of other comprehensive income of the year.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash, bank balances, bank overdrafts and fixed deposits free of encumbrance with maturity periods of three months or less from the date of deposit.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, 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.

IFRS 7 fair value measurement hierarchy

The classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement, has the following levels:

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

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Estimated useful life of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value or any adjustments for the remaining estimated useful life based on the internal review carried out.

Impairment of property, plant and equipment

The Company reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgment as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

Impairment losses on available for sale investments

The Company determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates factors such as change in market rate of the equity instruments since the purchase date of such instrument, the market scenario and the financial performance of the issuer.

4. Critical accounting judgments and key sources of estimation uncertainty (Continued)

Obsolete Inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments have been made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing and quality issues. Revisions to these adjustments would be required if these factors differ from the estimates.

Impairment losses on trade receivables

The Company reviews its receivables to assess impairment if there is an indication of impairment. The Company's credit risk is primarily attributable to its trade receivables and amounts due from related parties. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Investment in United Cement Group, Syria

The Company has an investment of AED 73.87 million in United Cement Group, Syria. This investment has been routed through Al Shams Investment LLC wherein the Company holds 27% of shareholding. However, Al Shams Investment LLC is not treated as an associate and has not been equity accounted due to lack of any direct or indirect involvement at board level and the Company does not have the power to participate in operating and financial policies. The Company doesn't have any significant influence or joint control over the operations of United Cement Group. Accordingly, this investment has been treated as available for sale investments.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 42.

Some of the buildings with zero net book value are situated on plots of land obtained under operating lease arrangements which are renewable annually. The management is of the opinion that the leases are renewable and the land will be available to the Company in the foreseeable future.

6. Investment properties

Investment properties represent land and villas constructed on those lands held for rental purpose and for capital appreciation.

Movement in investment properties is as follows:

	Land AED'000	Villas AED'000	Total AED'000
Cost			
At January 1, 2013	2,924	16,575	19,499
At December 31, 2013	2,924	16,575	19,499
At December 31, 2014	**2,924**	**16,575**	**19,499**
Depreciation			
At January 1, 2013	-	16,575	16,575
At December 31, 2013	-	16,575	16,575
At December 31, 2014	-	**16,575**	**16,575**
Net book value			
At December 31, 2014	**2,924**	-	**2,924**
At December 31, 2013	2,924	-	2,924

The fair market value of investment properties, including land, is estimated to be in the range of AED 105 million as per the internal valuation carried out by the management. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals.

Land forming part of the investment properties is not depreciated.

Summary of income and expenses from investment properties generating rental income is as follows:

	AED'000	2013 AED'000
Rental income	**4,015**	4,082
Direct operating expenses	**769**	414

At December 31, 2014 there were no restrictions on the realisability of investment property or the remittance of income and proceed of disposal.

There are currently no obligations to construct or develop the existing investment properties. At December 31, 2014, there were no contractual obligations to purchase investment property (2013: AED Nil).

7. Available for sale investments

	AED'000	Restated 2013 AED'000
Non current investments (Note 30)	1,535,059	1,428,042
Current investments	713	1,219
	1,535,772	1,429,261

Non-current investments represents available for sale investments in securities which are intended to be held for more than one year from the date of statement of financial position. The Company's current investments comprise investments in quoted marketable equity securities which are held as available for sale investments.

Break-up of available for sale investments at fair value is stated below:

	AED'000	Restated 2013 AED'000
Equity insturments	1,021,878	894,511
Other instruments	513,894	534,750
	1,535,772	1,429,261

Movement in available for sale investments at fair value are as follows:

	AED'000	Restated 2013 AED'000
Opening balance	1,429,261	1,113,373
Additions	228,742	373,417
Disposals/redeemed	(235,087)	(324,626)
Reclassification adjustments on disposal of investments	(9,977)	(7,363)
Fair value changes	122,832	274,460
	1,535,772	1,429,261

During the year, the Company has recognised a fair value gain of AED 122.83 million (2013: AED 274.46 million) to other comprehensive income.

At the date of statement of financial position, investments amounting to AED 106.93 million (2013: AED 126.97 million) classified under non-current investments are stated at cost. In the opinion of the management, the fair value of these investments is not significantly different from their carrying amounts.

7. Available for sale investments (Continued)

At the date of statement of financial position, available for sale investments carried at fair value amounting to AED 299.36 million (2013: AED 364.33 million) are held in the personal name of one of the Company's Director on behalf of the Company.

Investments carried at fair value amounting to AED 575 million (2013: AED 649 million) are pledged with the bank against the loan of AED 343 million (2013: AED 388 million).

Sensitivity analysis on market risk arising as a result of changes in the market price of investments and foreign currency risk arising as a result of fluctuation in the foreign exchange rates is explained in note 31 to the financial instruments.

Break-up of available for sale investments at cost is stated below:

	AED'000	Restated 2013 AED'000
Equity insturments	**187,225**	187,225
Other instruments	**565,576**	571,921
	752,801	759,146

Movements in cost for available for sale investments are as follows:

	AED'000	Restated 2013 AED'000
Opening balance	**759,146**	710,356
Additions	**228,742**	373,417
Disposals	**(235,087)**	(324,627)
	752,801	759,146

7. Available for sale investments (Continued)

The geographical distribution of available for sale investments is as follows:

	AED'000	Restated 2013 AED'000
United Arab Emirates	1,105,113	944,020
Saudi Arabia	202,939	261,208
Other countries	227,720	224,033
	1,535,772	1,429,261

8. Investment in an associate

Investment in associate company represents 25.43% (2013: 25.43%) share in Berber Cement Company Ltd, a limited liability company incorporated in Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's share in net assets of the associate has been equity accounted as at December 31, 2014 based on management accounts of the associate as at December 31, 2014.

The following table summarizes the investment in Berber Cement Company Ltd:

	AED'000	Restated 2013 AED'000
Beginning balance	71,359	69,679
Increase in share of investment (Refer note 30)	-	10,914
Foreign exchange translation reserve	(10,363)	(20,205)
Share of profit in associate	21,586	10,971
	82,582	71,359

8. Investment in an associate (Continued)

The following table summarizes the financial information of the Company's investment in Berber Cement Company Ltd:

	AED'000	Restated 2013 AED'000
Share of net assets of associate (25.43%)		
Current assets	**29,289**	56,016
Non current assets	**177,975**	178,563
Current liabilities	**(34,713)**	(46,770)
Non current liabilities	**(89,969)**	(120,212)
Net assets	**82,582**	67,597

	AED'000	Restated 2013 AED'000
Share of associate's revenue and profit (25.43%)		
Revenue	**68,684**	61,356
Net profit	**21,586**	10,971

The foreign exchange reserve has been created due to translation of financial statements from Sudanese Pound into AED where Sudanese Pound is the functional currency. The translation rate between Sudanese Pound and AED was 1 SDG = 0.64 AED on December 31, 2013 and 1 SDG = 0.64 AED on December 31, 2014. Hence the exchange fluctuation reserve has been created to reflect the net differences.

9. Loan receivable from associate

This amount represents AED denominated loan given to Associate and is recoverable in thirteen installments over a period of six years beginning October 2013. The interest rate on this loan is charged on the same terms as the long term loan from the bank (Refer note 14 for the bank liability against this loan).

The installments payable after twelve months from the date of statement of financial position has been classified under non-current assets.

10. Inventories

		2013
	AED'000	AED'000
Raw materials	16,048	22,882
Work in progress	22,829	11,408
Finished goods	2,470	4,383
Consumable and spare parts	17,472	24,468
Provision for obsolescence	-	(7,122)
	58,819	56,019

Inventories are stated net of allowance for slow moving and obsolete items. The cost of inventories recognized during the year is AED 110.43 million (2013: AED 122.45 million). Consumable and spare parts amounting to AED 7.12 million have been written off during the year.

11. Trade and other receivables

		Restated 2013
	AED'000	AED'000
Trade receivables	66,789	56,019
Allowance for doubtful debts	(3,600)	(6,000)
Trade receivables (net)	63,189	50,019
Advances and other receivables	10,010	6,789
Prepayments	296	406
	73,495	57,214

Refer note 30 for the restatement of previous year numbers of trade and other receivables.

Movement in allowance for doubtful debts is as under:

		Restated 2013
	AED'000	AED'000
Beginning balance	6,000	6,000
Reversal from allowance	(2,400)	-
	3,600	6,000

The Company has obtained bank guarantees from some of its customers which act as a collateral security for the amount receivable from those customers and post dated cheques are obtained for the balance amount receivable in excess of the bank guarantee. The amount of trade receivables that is secured against bank guarantees amounts to AED 42.81 million (2013: AED 39.15 million) and total value of collateral security is determined at AED 53.11 million (2013: AED 55.23 million).

11. Trade and other receivables (Continued)

There are 4 customers (2013: 4 customers) who represent 62% (2013: 69%) of the total balance of trade receivables. AED 27.82 million (2013: AED 18.57 million) of the trade receivables is neither past due nor impaired. The Company has provided for AED 3.6 million for receivables amounting to AED 38.97 million which are past due at the reporting date based on its past experience.

Ageing of trade receivables is as under:

	AED'000	Restated 2013 AED'000
Amount not past due and not impaired	27,815	18,573
Amount past due but not impaired :		
0-30 days	13,473	6,060
31-60 days	10,681	3,747
61-90 days	5,510	3,914
91-120 days	3,108	4,430
Above 121 days	2,602	13,295
	35,374	31,446
Amount past due and impaired :		
Above 121 days	3,600	6,000
Total amount past due	38,974	37,446

The Company's exposure to credit risk and impairment losses related to loans and receivables is disclosed in Note 31 on financial instruments.

12. Related party disclosures

Related parties include the shareholders, key management personnel, associates any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured, interest free and are repayable on demand.

The significant related party transactions during the period are as follows:

	AED'000	Restated 2013 AED'000
With associate:		
- Interest income	**21,909**	24,222
- Loan repaid	**45,000**	25,000
- Share in profit	**21,586**	10,971
With other related parties:		
- Sales	**86,897**	107,742
- Purchase of materials and services	**79,391**	50,020
- Dividend	**89,700**	71,760
With Key Management Personnel:		
- Salaries and other short term benefits	**3,168**	3,126
statement	**171**	171
- End of service benefits provided at the year end	**5,214**	5,044
- Directors' fee (as an appropriation from retained earnings)	**1,750**	2,000

Related party balances are as under:

	AED'000	Restated 2013 AED'000
Payables:		
- To other related parties	**29,100**	24,223
- To Director	**2,000**	2,000
Receivables:		
- From Associate - others	**11,684**	30,803
- From Associate - short term loan	**54,000**	45,000
- From Associate - long term loan	**289,000**	343,000
- From other related parties	**14,108**	21,741
- From Directors'	**5,985**	6,005

13. Bank balances and cash

		2013
	AED'000	AED'000
Cash at hand	783	550
Current accounts with banks	73,212	37,373
	73,995	37,923

14. Bank loan

This represents loan from the bank with interest rate of 6 months EIBOR +3.45% and total facility of AED 440 million out of which AED 413 million is withdrawn. Further, the management has entered into an arrangement with the bank to convert this floating interest rate to fixed interest rate. This loan is obtained by the Company to finance its associate. The loan is repayable in thirteen equal installments over a period of six years. Please refer note 7 for details of investments pledged against this loan and note 9 for loan receivable from associate against this loan.

The installments payable after twelve months from the date of statement of financial position has been classified under non-current liabilities.

15. Trade and other payables

		Restated 2013
	AED'000	AED'000
Trade payables	13,433	9,338
Other accruals and payables	19,239	17,830
Advances	235	481
	32,907	27,649

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

Refer note 30 for the restatement of previous year numbers of trade and other payables.

16. Provision for employees' end of service gratuities

		2013
	AED'000	AED'000
Opening balance	24,794	23,380
Provision created for the year	1,365	3,020
Payments made during the year	(579)	(1,606)
Closing balance	25,580	24,794

17. Share capital

		2013
	AED'000	AED'000
Issued and fully paid up:		
358,800,800 shares of AED 1 each	358,800	358,800
Issued for cash		
92,000,000 shares of AED 1 each	92,000	92,000
Bonus shares issued by capitalising retained earnings		
266,800,000 shares of AED 1 each	266,800	266,800
	358,800	358,800

At the date of statement of financial position, the share capital comprised of ordinary equity shares. All issued shares are fully paid. The holders of ordinary equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18. Fair value reserve

This reserve represents the cumulative changes in fair value of available for sale investments. Movement in fair value reserve is as follows:

		2013
	AED'000	AED'000
Opening balance	693,711	426,614
Net movement in changes in fair value	122,832	274,460
Reclassification adjustments on disposal of investments	(9,977)	(7,363)
	806,566	693,711

19. General reserve

As required by Article 57.2 of the Article of Association of the Company, 10% of the net profit has to be transferred to general reserve. It can be discontinued by the resolution of the ordinary general meeting on the proposal of Board of Directors or if it reaches 10% of the paid up capital of the Company. Such reserve shall be used for the purpose designated by the ordinary general meeting on the proposal of the Board of Directors. No such transfer has been made during the period under review.

20. Statutory reserve

In accordance with Article 57.1 of the Memorandum of Association of the Company and the UAE Federal Law No.8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is to be allocated every year to a non-distributable reserve. Such allocation may be ceased when the statutory reserve equals 50% of the paid up share capital.

No allocation has been made to the statutory reserve for the year ended December 31, 2014 as the reserve equaled 50% of the paid share capital.

21. Special reserve

Special reserve has been created on the recommendation of the board and on approval by the shareholders in the annual general meeting, to take care of any contingencies. Any movement towards transfer, utilization and discontinuation will be subject to approval of the shareholders in the annual general meeting. Accordingly, AED 15.9 million was transferred to this reserve during the year representing the accumulated profit from the associate accounted till December 31, 2013.

22. Dividend

On April 1, 2014 shareholders of the Company approved dividend of AED 89.7 million (AED 0.25 fils per share) (2013: AED 71.76 million that is AED 0.20 fils per share) for the financial year ended on December 31, 2014.

23. Cost of sales

		2013
	AED'000	AED'000
Material expenses	110,429	122,445
Utilities and other factory costs	55,967	48,474
Staff costs	22,816	20,322
Depreciation	15,842	15,008
	205,054	206,249

24. Other income

	AED'000	Restated 2013 AED'000
Interest income	21,909	24,222
Rental income from investment properties	4,015	4,082
Other rental income	6,043	6,067
Income from sale of by-product and scraps	3,176	3,090
Gain on sale of property, plant and equipment	243	96
Provision no longer required	2,400	-
Other income	927	651
	38,713	38,208

Refer note 30 for the restatement of previous year numbers of other income.

25. Administration, selling and general expenses

	AED'000	2013 AED'000
Staff salaries and benefits	14,733	16,721
Staff accommodation	2,524	2,573
License fees	193	215
Insurance	654	614
Communications	171	131
Repair and maintenance	6,294	7,398
Travelling and conveyance expenses	152	137
Legal and professional	300	268
Electricity and water	303	313
Depreciation	2,122	1,306
Bank charges	480	726
Other	1,613	1,549
	29,539	31,951

26. Finance costs

	AED'000	Restated 2013 AED'000
Interest on bank loan	21,909	24,222
Interest on bank overdraft	5	120
	21,914	24,342

The Company has paid interest on bank loan obtained to finance its associate and such interest has been recovered in full from associate.

Refer note 30 for the restatement of previous year numbers of finance costs.

27. Finance income

	AED'000	2013 AED'000
Interest income from available for sale investments	29,320	34,003
Realised gain on disposal of available for sale investments	14,219	4,817
Dividend income	42,175	43,492
Finance income	85,714	82,312
Loss on disposal of available for sale investments	(5,555)	(10,558)
Finance expense	(5,555)	(10,558)
Finance income recognised in the statement of comprehensive income	80,159	71,754

There was a reclassification adjustment on disposal of available for sale investments amounting to AED 9.98 million (2013: AED 7.36 million).

28. Earnings per share

		2013
Net profit attributable to shareholders (AED '000)	112,235	101,478
Weighted average number of shares	358,800,000	358,800,000
Earnings per share	AED 0.31	AED 0.28

29. Segment reporting

Description of the types of products and services from which each reportable segment derives its revenues.

The Company has two main segments:

- Production and sale of cement and related products - This segment is involved in the manufacture and distribution of cement and related product i.e. clinker and accounts for 74% (2013: 77%) of its external revenue
- Available for sale investments and related products - This segment is involved in investment activity of the Company i.e. purchase and disposals of investment to maximize return on investment and accounts for 26% (2013: 23%) of its external revenue

Factors that management used to identify the Company's reportable segments

The Company's reportable segments are strategic business units. They are managed separately because each unit requires different operating strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the General Manager and the Finance Controller.

Measurement of operating segment profit or loss, assets and liabilities

The Company evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, if any.

There are no inter-segment transactions. Segment assets exclude assets used primarily for corporate purposes. Segment liabilities exclude liabilities that are unallocable to specific segment and are related to corporate purposes. Loans and borrowings are allocated to the segments based on relevant factors (e.g. funding requirements). Details are provided in the reconciliation from segment assets and liabilities to the Company position.

The management has determined that as most of the operations are in the United Arab Emirates and there is no other significant geographical segment, no specific disclosures is made in this regard. The details of segment revenue, segment result, segment assets and segment liabilities have been provided on page 43 and 44.

30. Restatement to the financial statements

The prior year numbers have been restated / reclassified by the management on the account of the following :

- The Company had acquired the additional shares of its associate amounting to AED 10.91 million, however, the same was not accounted for under investment in associate and was accounted as part of related party receivables from its associate. The same was identified in current year and the management has restated the prior year numbers to this effect.

- The Company has investment in United Cement Group, Syria routed through Al Shams Investment LLC. This was classified as advances towards investment in previous year instead of available for sales investment (refer note 7). The management has now restated the prior year numbers to give effect to this change.

- The Company had net off the finance income and finance cost in previous year related to the bank loan obtained to finance the associate. The previous year numbers have now been grossed up to present finance income and finance cost at gross.

30. Restatement to the financial statements

- Dividend payable and directors' fees was classified as part of trade and other payables which has now been reclassified as part of due to related parties.

The impact of the above matters on restatement / reclassification of previous year numbers is as follows :

2013 (AED'000)

	As previously stated	Restatement / Reclassification adjustment	As restated/ reclassified
Available for sales investments	1,355,393	73,868	1,429,261
Trade and other receivables	131,082	(73,868)	57,214
Investment in associate	60,445	10,914	71,359
Due from related parties	71,405	(12,856)	58,549
Trade and other payables	53,676	(26,027)	27,649
Due to related parties	2,138	24,085	26,223
Other income	13,986	24,222	38,208
Finance cost	120	24,222	24,342

2012 (AED'000)

	As previously stated	Restatement / Reclassification adjustment	As restated/ reclassified
Available for sales investments	1,061,545	51,828	1,113,373
Trade and other receivables	142,525	(51,828)	90,697
Trade and other payables	50,614	(19,030)	31,584
Due to related parties	20,754	19,030	39,784

31. Financial instruments

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximizing return to stakeholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders comprising of issued capital, reserves and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review

31. Financial instruments (Continued)

Market risk management

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates (currency risk), interest rates (interest rate risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates.

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

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument of the Company, or factors affecting all similar financial instruments traded in the market.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to US Dollars. The US Dollar has been pegged against the United Arab Emirates Dirham ("AED"), hence no exchange risk is considered to exist.

If the foreign exchange rates on investment in associate have had been 50 base points higher or lower and all other variables were held constant, the Company's profits would have increased or decreased by AED 0.413 million (2013: AED 0.357 million)

Interest rate risk management

The Company is exposed to interest rate risk on cash at bank (including time deposits) and available for sale investments.

If the interest rates on available for sale investments have had been 50 base points higher or lower and all other variables were held constant, the Company's profits would have increased or decreased by AED 0.147 million (2013: AED 0.170 million)

The company is not exposed to any significant interest rate risk as the bank loans are obtained to finance its associate and the interest cost incurred is recovered from its associate.

Other price risk management

The Company is exposed to other price risks in market on its equity investments. Investments in equity instruments are generally held for long term.

If equity prices in market had been 10% higher/lower:

- Available for sale investment valuation reserve would increase/decrease by AED 102.19 million (2013: AED 89.43 million).
- The profit would be unaffected as equity investments are classified as available for sale.

31. Financial instruments (Continued)

Credit risk management

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables, due from related parties and investments. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade and other receivables and due from related parties is subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the balance sheet are net of allowances for irrecoverable amounts. The Company has obtained collateral security for 64% of its trade receivables and for trade receivables from customers for which there are no collaterals; the management is of the view that the outstanding balances are fully recoverable. The management believes the outstanding balance of other receivables and due from related parties are good and fully recoverable and therefore, there is no requirement to provide for them. The Company limits its exposure to investments by investing in securities where counterparties have credible market reputation. The Company's management does not expect any counterparty to fail. There are 4 customers who represent 62% of the total balance of trade receivables.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

Derivative contracts

The Company's investments in certain securities normally carry interest which is linked to LIBOR. The Company also enters into certain interest rate swaps contracts and commodity derivative swap contracts. These swap contracts are not designated as hedges and accordingly are treated as free standing derivative contracts. At December 31, 2014 the Company has no outstanding interest rate swap contracts.

31. Financial instruments (Continued)

Financial instruments by category

	AED'000	Restated 2013 AED'000
Financial assets		
Available for sale investments	1,535,772	1,429,261
Loans and receivables:		
- Trade and other receivables	73,199	56,808
- Due from related parties	31,777	58,549
- Loan receivable from associate	343,000	388,000
Cash and bank balances	73,995	37,923
Financial liabilities		
Other financial liabilities		
- Trade and other payables	32,907	27,649
- Due to related parties	31,100	26,223
- Bank loan	343,000	388,000

The following table sets out the Company's assets and liabilities that are measured and recognised at fair value at 31 December 2014:

At 31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Available for sale investments	1,428,848	-	106,924	1,535,772
Trade and other receivables	-	-	73,199	73,199
Due from related parties	-	-	31,777	31,777
Loan receivable from associate	-	343,000	-	343,000
Cash and bank balances	73,995	-	-	73,995
Total financial assets	1,502,843	343,000	211,900	2,057,743
Financial liabilities:				
Trade and other payables	-	-	32,907	32,907
Due to related parties	-	-	31,100	31,100
Bank loan	-	343,000	-	343,000
Total financial liabilities	-	343,000	64,007	407,007

31. Financial instruments (Continued)

The following table sets out the Company's assets and liabilities that are measured and recognised at fair value at 31 December 2013:

At 31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Available for sale investments	1,302,291	-	126,970	1,429,261
Trade and other receivables	-	-	56,808	56,808
Due from related parties	-	-	58,549	58,549
Loan receivable from associate	-	388,000	-	388,000
Cash and bank balances	37,923	-	-	37,923
Total financial assets	**1,340,214**	**388,000**	**242,327**	**1,970,541**
Financial liabilities:				
Trade and other payables	-	-	27,649	27,649
Due to related parties	-	-	26,223	26,223
Bank loan	-	388,000	-	388,000
Total financial liabilities	**-**	**388,000**	**53,872**	**441,872**

32. Contingent liabilities and capital commitments

	AED'000	2013 AED'000
Letters of guarantee	3,109	3,109
Letters of credit	640	3,493

These represent guarantees provided to the suppliers.

33. Director's fees

These represent fees paid/payable to the Company's directors for serving on any committee, for devoting special time and attention to the business or affairs of the Company and for otherwise performing services outside the scope of their ordinary activities. In accordance with the interpretation of Article 118 of the UAE Commercial Companies Law No. 8 of 1984 as amended by the Ministry of Economy and Commerce, director's fees have been treated as an appropriation of retained earnings.

34. Operating leases

Leases as lessee

The Company has leased plots of land under operating leases on which residential flats for staff accommodation are located. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

Leases as lessor

The Company had leased residential villas on operating leases to earn rental income. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

35. Comparative figures

Previous year's figures have been regrouped or reclassified as referred in note 30 to make them comparable to those of the current year.

Schedule of property, plant and equipment

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Capital work in progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost						
At January 1, 2013	30,570	912,680	13,867	50,490	-	1,007,607
Additions	-	1,310	1,798	4,516	3,052	10,676
Disposals	-	-	(52)	(160)	-	(212)
Transfer from CWIP	-	2,609	-	-	(2,609)	-
At December 31, 2013	30,570	916,599	15,613	54,846	443	1,018,071
Additions	-	553	270	3,786	1,438	6,047
Disposals	-	-	-	(1,531)	-	(1,531)
Transfer from CWIP	-	1,760	-	-	(1,760)	-
At December 31, 2014	**30,570**	**918,912**	**15,883**	**57,101**	**121**	**1,022,587**
Depreciation						
At January 1, 2013	28,687	712,472	12,025	47,907	-	801,091
Charge for the year	230	12,515	1,017	2,552	-	16,314
On disposals	-	-	(52)	(160)	-	(212)
At December 31, 2013	28,917	724,987	12,990	50,299	-	817,193
Charge for the year	230	13,088	2,030	2,616	-	17,964
On disposals	-	-	-	(1,531)	-	(1,531)
At December 31, 2014	**29,147**	**738,075**	**15,020**	**51,384**	**-**	**833,626**
Net book value						
At December 31, 2014	**1,423**	**180,837**	**863**	**5,717**	**121**	**188,961**
At December 31, 2013	1,653	191,612	2,623	4,547	443	200,878

Depreciation for the year is allocated as under:

		2013
	AED'000	AED'000
Cost of sales	**15,842**	15,008
Expenses	**2,122**	1,306
	17,964	16,314

Segment report for the year ended December 31, 2014

	2014			2013		
	Cement	Available for sale investments and derivative products	Total	Cement	Available for sale investments and derivative products	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment revenue						
Total revenue	228,284	80,159	308,443	243,087	71,754	314,841
Total revenue from external customers	228,284	80,159	308,443	243,087	71,754	314,841
Finance income	-	(80,159)	(80,159)	-	(71,754)	(71,754)
Revenue as per statement of comprehensive income	228,284	-	228,284	243,087	-	243,087
Cost of sales	(205,054)	-	(205,054)	(206,249)	-	(206,249)
Segment profit	**23,230**	**80,159**	**103,389**	**36,838**	**71,754**	**108,592**
Other income			38,713			38,208
Unallocated expenses			(51,453)			(56,293)
Share of net profit in associate			21,586			10,971
Net profit			**112,235**			**101,478**
Depreciation	17,964	-	17,964	16,314	-	16,314

Segment report as at December 31, 2014

	2014			2013		
	Cement AED'000	Available for sale investments and derivative products AED'000	Total AED'000	Cement AED'000	Available for sale investments and derivative products AED'000	Total AED'000
Addition to non current assets	6,047	228,742	234,789	10,676	373,417	384,093
Reportable segment assets	427,047	1,535,772	1,962,819	410,583	1,429,261	1,839,844
Investment properties			2,924			2,924
Investment in an associate			82,582			71,359
Loan receivable from associate			343,000			388,000
Total assets			2,391,325			2,302,127
Reportable segment liabilities	89,587	-	89,587	78,666	-	78,666
Bank loan			343,000			388,000
Total liabilities			432,587			466,666