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AN INTERNATIONAL ASSOCIATION OF INDEPENDENT ACCOUNTING FIRMS

CNK-HAS

Chartered Accountants

NATIONAL CEMENT COMPANY
(PUBLIC SHAREHOLDING CO.)
DUBAI, UAE

Interim Condensed Financial Statements
Period ended June 30, 2015

سي ان كيه حسين الصايغ شارترد اكاونتنتس

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National Cement Company (Public Shareholding Co.)
Dubai, United Arab Emirates

Interim condensed financial statements for the period ended June 30, 2015

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Review report of the independent auditors to the shareholders of National Cement Company (Public Shareholding Co.), Dubai

We have reviewed the accompanying interim condensed statement of financial position of National Cement Company (Public Shareholding Co.) ("the Company") as of June 30, 2015, and the related interim condensed statement of comprehensive income, changes in equity and cash flows for the six months period then ended ("the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on the interim financial information based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410,"Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of person responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope that an audit conducted in accordance with International Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matter that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, no matter has come to our attention that causes us to believe that the accompanying interim financial information as of June 30, 2015 is not prepared, in all material respect , in accordance with IAS 34,'Interim Financial Reporting'.

For and on behalf of
CNK Hussain Alsayegh
Chartered Accountants

Hussain Nasser Hassan Alsayegh
Registration No.: 738
Date: August 06, 2015
Place: Dubai, UAE

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CNK HUSSAIN ALSAYEGH CHARTERED ACCOUNTANTS

National Cement Company (Public Shareholding Co.)
Dubai, United Arab Emirates

Interim condensed statement of financial position at June 30, 2015

	Note	Unaudited June 30, 2015 AED'000	Audited December 31, 2014 AED'000
NON CURRENT ASSETS			
Property, plant and equipment	4	182,525	188,961
Investment properties	5	2,924	2,924
Available for sale investments	6	1,507,516	1,535,059
Investment in an associate	7	82,582	82,582
Loan receivable from associate	8	256,500	289,000
TOTAL NON CURRENT ASSETS		**2,032,047**	**2,098,526**
CURRENT ASSETS			
Available for sale investments	6	1,370	713
Loan receivable from associate	8	59,500	54,000
Inventories	9	51,675	58,819
Trade and other receivables	10	105,466	73,495
Due from related parties	11	62,026	31,777
Bank balances and cash	12	59,512	73,995
TOTAL CURRENT ASSETS		**339,549**	**292,799**
CURRENT LIABILITIES			
Due to related parties	11	47,470	31,100
Bank loan	13	59,500	54,000
Trade and other payables	14	36,219	32,907
TOTAL CURRENT LIABILITIES		**143,189**	**118,007**
NET CURRENT ASSETS		**196,360**	**174,792**
NON CURRENT LIABILITIES			
Provision for employees' end of service gratuities		25,025	25,580
Bank loan	13	256,500	289,000
Total Non Current Liabilities		281,525	314,580
NET ASSETS		**1,946,882**	**1,958,738**
EQUITY			
Share capital	15	358,800	358,800
Share application money		26	26
Fair value reserve	16	814,212	806,566
General reserve	17	316,517	316,517
Statutory reserve	18	179,402	179,402
Foreign exchange reserve	7	(48,517)	(48,517)
Special reserve	20	15,900	15,900
Retained earnings		310,542	330,044
TOTAL EQUITY		**1,946,882**	**1,958,738**

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on August 06, 2015 and were signed on their behalf by:

Director

Director

The notes on pages 6 to 18 form part of these interim condensed financial statements

National Cement Company (Public Shareholding Co.)
Dubai, United Arab Emirates

Interim condensed statement of comprehensive income for the period ended June 30, 2015

	Note	Unaudited Three months period ended June 30, 2015 AED'000	Unaudited Three months period ended June 30, 2014 AED'000	Unaudited Six months period ended June 30, 2015 AED'000	Unaudited Six months period ended June 30, 2014 AED'000
Revenue		63,723	68,994	135,946	109,782
Cost of sales	21	(56,953)	(59,844)	(121,509)	(95,066)
Gross profit		**6,770**	**9,150**	**14,437**	**14,716**
Other income	22	8,701	3,449	17,978	7,227
		15,471	**12,599**	**32,415**	**21,943**
Administration, selling and general expenses	23	(5,583)	(6,437)	(11,609)	(12,688)
Finance cost		(682)	(3)	(6,092)	(4)
Profit before financial income and expense		**9,206**	**6,159**	**14,714**	**9,251**
Financial income/(expense) net	25	24,528	26,972	55,484	57,819
Net profit for the period		**33,734**	**33,131**	**70,198**	**67,070**
Net movement in fair value of available for sale investments		54,075	10,482	11,702	192,725
Total comprehensive income for the period		**87,809**	**43,613**	**81,900**	**259,795**
Basic and diluted earnings per share (AED)	26	0.09	0.09	0.20	0.19

The notes on pages 6 to 18 form part of these interim condensed financial statements

National Cement Company (Public Shareholding Co.)
Dubai, United Arab Emirates

Interim condensed statement of changes in equity for the period ended June 30, 2015
Amount in AED

	Share capital AED'000	Share application money payable AED'000	Fair value reserve AED'000	General reserve AED'000	Statutory reserve AED'000	Foreign exchange translation reserve AED'000	Special Reserve	Retained earnings AED'000	Total equity AED'000
Balance as at January 1, 2014	**358,800**	**26**	**693,711**	**316,517**	**179,402**	**(38,154)**	-	**325,159**	**1,835,461**
Transfer on derecognition of investments to statement of comprehensive income	-	-	(6,132)	-	-	-	-	-	(6,132)
Total comprehensive income for the period	-	-	192,725	-	-	-	-	67,070	259,795
Transfer to special reserve (Note 21)	-	-	-	-	-	-	15,900	(15,900)	-
Dividend paid during the period	-	-	-	-	-	-	-	(89,700)	(89,700)
Balance as at June 30, 2014 (Unaudited)	**358,800**	**26**	**880,304**	**316,517**	**179,402**	**(38,154)**	**15,900**	**286,629**	**1,999,424**
Balance as at January 1, 2015	**358,800**	**26**	**806,566**	**316,517**	**179,402**	**(48,517)**	**15,900**	**330,044**	**1,958,738**
Transfer on derecognition of investments to statement of comprehensive income	-	-	(4,056)	-	-	-	-	-	(4,056)
Total comprehensive income for the period	-	-	11,702	-	-	-	-	70,198	81,900
Dividend paid during the period	-	-	-	-	-	-	-	(89,700)	(89,700)
Balance as at June 30, 2015 (Unaudited)	**358,800**	**26**	**814,212**	**316,517**	**179,402**	**(48,517)**	**15,900**	**310,542**	**1,946,882**

The notes on pages 6 to 18 form part of these interim condensed financial statements

National Cement Company (Public Shareholding Co.)
Dubai, United Arab Emirates

Interim condensed statement of cash flow for the period ended June 30, 2015

	Note	Unaudited Six months period ended June 30, 2015 AED'000	Unaudited Six months period ended June 30, 2014 AED'000
Cash flows from operating activities			
Net profit for the period		70,198	67,070
Adjustments for:			
Depreciation	4	8,639	9,104
Gain on disposal of property, plant & equipment		(3,027)	(43)
Provision for employees' end of service gratuities		1,161	607
Financial income and expense (net)	25	(55,484)	(57,819)
Operating profit before working capital changes		**21,487**	**18,919**
Change in inventories	9	7,144	(5,788)
Change in trade and other receivables	10	(4,971)	(13,836)
Change in due from related parties	11	(30,249)	46,512
Change in trade and other payables	14	3,312	(3,298)
Change in due to related parties	11	16,370	4,905
Payment of end of service benefits		(1,716)	(430)
Net cash generated from operating activities		**11,377**	**46,984**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2,247)	(1,853)
Investment in available for sale investments	6	(140,673)	(132,183)
Proceeds from disposal of property, plant and equipment		3,071	43
Proceeds from disposal of available for sale investments		175,205	144,206
Dividend income	25	33,827	36,874
Interest income	25	21,657	16,124
Net cash from investing activities		**90,840**	**63,211**
Cash flows from financing activities			
Dividend paid during the period		(89,700)	(89,700)
Decrease in Bank Loan		(27,000)	(22,500)
Directors' fees		-	-
Net cash used in financing activities		**(116,700)**	**(112,200)**
Net increase in cash and cash equivalents		**(14,483)**	**(2,005)**
Cash and cash equivalents at beginning of the period		73,995	37,923
Cash and cash equivalents at end of the period		**59,512**	**35,918**

The notes on pages 6 to 18 form part of these interim condensed financial statements

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 Federal 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 is listed on the Dubai Financial Market since 2005.

The interim condensed financial statements for the six months period ended June 30, 2015 were authorized for issue by the Board of Directors on August 06, 2015.

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

2 Basis of preparation

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim condensed financial statements (International Accounting Standard 34 Interim Financial Reporting). These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2014.

3 Significant accounting policies

The accounting policies applied in the preparation of these interim condensed financial information are consistent with those applied in the annual financial statements of the company for the year ended December 31, 2014.

These interim condensed financial statements are presented in United Arab Emirates Dirhams ("AED"), rounded to the nearest thousand and are prepared under the historical cost convention except in respect of investment in marketable securities and derivative financial instruments, which are stated at fair values.

4 Property, plant and equipment

During the six month period ended June 30, 2015 additions to property, plant and equipment amounted to AED 2.24 million and disposal of property, plant and equipment amounted to AED 3.26 million. Depreciation charge for the period amounts to AED 8.63 million.

5 Investment properties

Investment properties represent land and villas constructed on that land. No investment properties were bought or sold during the current period and no depreciation was charged as the assets are fully depreciated.

During the period there is no significant change in fair market value of investment properties, including land, on comparing the same with annual financial statements of the company for the year ended December 31, 2014.

6 Available for sale investments

	Unaudited June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Non current investments	1,507,516	1,535,059
Current investments	1,370	713
	1,508,886	1,535,772

Non-current investments represents available for sale investments in securities (debt and equity instruments) 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 investment in marketable securities at fair value is stated below:

	Unaudited June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Equity instruments	1,107,142	1,021,878
Other instruments	401,744	513,894
	1,508,886	1,535,772

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

	Unaudited June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Opening balance	1,535,772	1,429,261
Additions	140,673	228,742
Disposals/redeemed	(175,205)	(235,086)
Reclassification adjustments on disposal of investments	(4,056)	(9,977)
Fair value changes	11,702	122,832
	1,508,886	1,535,772

During the period, the Company has recognized a fair value gain of AED 7.65 million (June 30, 2014 fair value gain of AED 186.60 million), recognized to other comprehensive income reclassified from equity to statement of comprehensive income, for investments not yet derecognized.

At June 30, 2015, investments include AED 103.14 million (December 31, 2014: AED 106.93 million) which are stated at cost. In the opinion of the management, the fair value of these investments is not materially different from their carrying amounts.

At June 30, 2015, investments in marketable securities amounting to AED 298.95 million (December 31, 2014: AED 299.36 million) are held in the personal name of one of the Company's Director for the beneficial interest of the Company.

Investments amounting to AED 433.63 million (December 31, 2014: AED 617.73 million) are pledged with the bank against the loan of AED 316 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 27 to the financial instruments.

Break-up of investment in marketable securities at cost is stated below:

	Unaudited June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Equity instruments	187,225	187,225
Other instruments *	507,433	541,965
	694,658	**729,190**

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

	Unaudited June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Opening balance *	729,190	735,535
Additions	140,673	228,742
Disposals	(175,205)	(235,086)
	694,658	**729,190**

* Previous period figure has been reclassified to the extent of AED 23.61 million to give the effect of wrong classification in the previous period

Break up of profit/ (loss) on disposal of available for sale investment is as follows:

	Unaudited Three Month Period ended June 30, 2015 AED'000	Unaudited Three Month Period ended June 30, 2014 AED'000	Unaudited Six Month Period ended June 30, 2015 AED'000	Unaudited Six Month Period ended June 30, 2014 AED'000
Realized gain on disposal attributable to difference between selling price and carrying amount of investments	3,965	5,079	4,056	4,785
Reclassification adjustments on disposal of investments	(3,965)	(5,079)	(4,056)	(6,132)
	-	-	-	**(1,347)**

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

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
United Arab Emirates	1,082,052	1,105,113
Saudi Arabia	182,801	202,939
Other countries	244,033	227,720
	1,508,886	**1,535,772**

7 Investment in an associate

Investment in an associate company represents 25.43% share in Berber Cement Company Ltd, a limited liability company registered in the Republic of 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 the management accounts as at December 31, 2014.

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, 2014 and moved to 1 SDG = 0.61 AED on June 30, 2015. Hence, the exchange fluctuation reserve has been created to reflect the net differences.

During the period there is no addition or disposal in investment and the company accounts net assets of associate on equity method on yearly basis including accounting for foreign exchange reserves for translation of financial statements of the Associate.

8 Loan receivable from associate

This amount represents 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 which is 6 months EIBOR +3.45%. Refer note 13 for the bank liability against this loan.

9 Inventories

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Raw materials	16,715	16,048
Work in progress	14,378	22,829
Finished goods	2,745	2,470
Consumable and spare parts	17,837	17,472
	51,675	**58,819**

10 Trade and other receivables

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Trade receivables	86,984	66,789
Allowance for doubtful debts*	(3,600)	(3,600)
	83,384	63,189
Advances and other receivables	20,802	10,010
Prepayments and other receivables	1,280	296
	105,466	73,495

*The company does not deem necessary to provide provision for doubtful debts for the current period as all the Trade Receivables and Debtors are secured under Bank Guarantees and PDCs.

11 Related party disclosures

The Company, in the ordinary course of its business, enters into trading and financing transactions with concerns which fall within the definition of "related party" as contained in International Accounting Standard 24. The balances due to/from such parties, which have been disclosed separately in the interim condensed financial statements, are unsecured and repayable on demand. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.

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

	Unaudited Three Month Period ended June 30, 2015 AED'000	Unaudited Three Month Period ended June 30, 2014 AED'000	Unaudited Six Month Period ended June 30, 2015 AED'000	Unaudited Six Month Period ended June 30, 2014 AED'000
With Associate				
Loan repaid	27,000	22,500	27,000	22,500
With Other related parties:				
Sale of cement	10,157	34,187	20,694	43,607
Purchase of materials and services	21,407	24,009	37,653	46,298
With Key Management Personnel:				
Salaries and other short term benefits	868	827	1,737	1,577
End of service benefits charged	43	44	87	85
End of service benefits at period end	5,359	5,128	5,359	5,128
Directors' fee	-	-	250	-

Related party balances are as under:

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Payables:		
To Associates	-	-
To other related parties	47,220	29,100
To Director	250	2,000
Receivables:		
From Associate - Interest	6,090	11,684
From Associate - short term loan	59,500	54,000
From Associate - long term loan	256,500	289,000
From Associate - Others	25,896	-
From other related parties	24,025	14,108
From Director	6,015	5,985

12 Bank balances and cash

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Cash at hand	908	783
Current accounts with banks	58,604	73,212
	59,512	**73,995**

13 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. This loan is obtained by the company to finance its associate. The loan is repayable in thirteen installments over a period of six years. Please refer note 6 for details of investments pledged against this loan and note 8 for amount repayable by the associate against this loan.

14 Trade and other payables

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Trade payables	10,326	13,433
Other accruals and payables	24,132	19,239
Advances	1,761	235
	36,219	**32,907**

15 Share capital

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Issued and fully paid up:		
358,800,000 shares of AED 1 each	358,800	358,800
	358,800	**358,800**

16 Fair value reserve

This reserve represents the cumulative changes in fair value of investments in marketable securities. Movement in fair value reserve is as follows:

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Opening balance	806,566	693,711
Net movement in changes in fair value	11,702	122,832
Reclassification adjustments on disposal of investments	(4,056)	(9,977)
	814,212	**806,566**

17 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.

18 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 six months period ended June 30, 2015 as the reserve equaled 50% of the paid share capital.

19 Dividend

For 2014, a cash dividend of AED 89.7 million (AED 0.25 fils per share) has been proposed and approved by the shareholders of the Company in the Annual General Meeting held on April 15, 2015. In 2013, a dividend of AED 89.7 million (AED 0.25 fils per share) was proposed and approved by the shareholders.

20 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 2014 representing the accumulated profit from the associate accounted till December 31, 2013

21 Cost of sales

	Unaudited Three Month Period ended June 30, 2015 AED'000	Unaudited Three Month Period ended June 30, 2014 AED'000	Unaudited Six Month Period ended June 30, 2015 AED'000	Unaudited Six Month Period ended June 30, 2014 AED'000
Material expenses	31,900	33,532	71,544	43,528
Utilities and other factory costs	15,367	16,670	31,418	32,875
Staff costs	5,724	5,694	10,634	10,770
Depreciation	3,962	3,948	7,913	7,893
	56,953	59,844	121,509	95,066

22 Other income

	Unaudited Three Month Period ended June 30, 2015 AED'000	Unaudited Three Month Period ended June 30, 2014 AED'000	Unaudited Six Month Period ended June 30, 2015 AED'000	Unaudited Six Month Period ended June 30, 2014 AED'000
Rental income from investment properties	957	927	1,941	1,757
Other rental income	1,899	1,556	3,845	3,439
Income from sale of by-product and scraps	661	776	1,443	1,736
Gain on disposal of P.P.E.	3,027	43	3,027	43
Interest Income	680	-	6,090	-
Other income	1,477	147	1,632	252
	8,701	3,449	17,978	7,227

23 Administration, selling and general expenses

	Unaudited Three Month Period ended June 30, 2015 AED'000	Unaudited Three Month Period ended June 30, 2014 AED'000	Unaudited Six Month Period ended June 30, 2015 AED'000	Unaudited Six Month Period ended June 30, 2014 AED'000
Staff salaries and benefits	3,639	4,069	7,105	7,667
License fees	-	-	-	193
Insurance	7	-	476	264
Communications	62	33	100	91
Repair and maintenance	-	816	-	1,785
Travelling and conveyance expenses	48	55	83	116
Legal and professional	165	67	344	173
Electricity and water	58	97	100	161
Depreciation	315	846	726	1,209
Other Miscellaneous Expenses	1,171	250	2,355	532
Bank Charges	118	204	320	497
	5,583	**6,437**	**11,609**	**12,688**

24 Finance Costs

Finance costs represent interest paid on overdrafts and bank loans. Interest paid on bank loan obtained to finance its associate and such interest has been recovered in full from associate.

25 Financial income

	Unaudited Three Month Period ended June 30, 2015 AED'000	Unaudited Three Month Period ended June 30, 2014 AED'000	Unaudited Six Month Period ended June 30, 2015 AED'000	Unaudited Six Month Period ended June 30, 2014 AED'000
Interest income:				
- Investments in marketable securities	14,384	7,612	21,657	16,124
Gain on disposal of available for sale financial assets	-	6,168	-	6,168
Dividend income	10,144	13,192	33,827	36,874
Financial income	**24,528**	**26,972**	**55,484**	**59,166**
Loss on disposal of available for sale investments:	-	-	-	1,347
Financial expense	-	-	-	1,347
Financial Income net	**24,528**	**26,972**	**55,484**	**57,819**

26 Earnings per share

	Unaudited Three Month Period ended June 30, 2015 AED'000	Unaudited Three Month Period ended June 30, 2014 AED'000	Unaudited Six Month Period ended June 30, 2015 AED'000	Unaudited Six Month Period ended June 30, 2014 AED'000
Net profit attributable to shareholders	33,734	33,131	70,198	67,070
Weighted average number of shares	358,800	358,800	358,800	358,800
Earnings per share	**0.09**	**0.09**	**0.20**	**0.19**

27 Segment reporting

The Company's activities comprise two main business segments, manufacturing and selling cement and cement related products and investment in marketable securities and derivative products. The details of segment revenue, segment result, segment assets and segment liabilities have been provided on page 18.

28 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.

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.

Interest rate risk management

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

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 71,920 (June 30, 2014: AED 38,060)

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 and are not traded actively.

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

1) Available for sale investment valuation reserve would increase/decrease by AED 103.32 million (December 31 2014, AED 102.19 million).

2) The profit would be unaffected as equity investments are classified as available for sale.

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 of fixed deposits, bank balances, trade and other receivables, due from related parties and investments. The credit risk on trade receivables is subjected to credit evaluations and an allowance may be made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions.

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.

Financial instruments by category

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Financial assets		
Available for sale investments	1,508,886	1,535,772
Loans and receivables:-		
Trade and other receivables	105,466	73,199
Due from related parties	30,040	31,777
Loan to associate	316,000	343,000
Cash and bank balances	59,512	73,995
Financial liabilities		
Other financial liabilities:-		
Trade and other payables	36,219	32,907
Due to related parties	47,470	31,100
Bank loans	316,000	343,000

29 Contingent liabilities

	Unaudited Six Month Period ended June 30, 2015 AED'000	Audited December 31, 2014 AED'000
Letters of guarantee	3,009	3,109
Letters of credit	-	640

30 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.

31 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these interim condensed financial statements.

Notes to the interim condensed financial statements for the period ended June 30, 2015

Amount in AED

Segment report as on June 30, 2015

	Six months period ended June 30, 2015 (Unaudited)			Six months period ended June 30, 2014 (Unaudited)		
	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000
Segment revenue	135,946	55,484	191,430	109,782	57,819	167,601
Segment result	14,437	55,484	69,921	14,716	57,819	72,535
Other income	-	-	17,978	-	-	7,227
Unallocated expenses	-	-	(17,701)	-	-	(12,692)
Net profit for the year	-	-	70,198	-	-	67,070
Segment assets	461,204	1,508,886	1,970,090	483,663	1,534,784	2,018,447
Investment in equity accounted investee	-	-	82,582	-	-	60,445
Other assets	-	-	318,924	-	-	368,424
Total assets	461,204	1,508,886	2,371,596	483,663	1,534,784	2,447,316
Segment liabilities	108,714	-	108,714	82,392	-	82,392
Other liabilities	-	-	316,000	-	-	365,500
Total liabilities	108,714	-	424,714	82,392	-	447,892
Capital expenditure	2,247	140,673	142,920	1,853	132,183	134,036
Depreciation	8,639	-	8,639	9,103	-	9,103