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CNK-HAS
Chartered Accountants

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

Interim Condensed Financial Statements
Period ended September 30, 2015

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

Interim condensed financial statements for the period ended September 30th, 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 September 30, 2015, and the related interim condensed statement of comprehensive income, changes in equity and cash flows for the nine 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 September 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

P.O. Box: 454442
DUBAI - U.A.E.

Hussain Nasser Hassan Alsayegh
Registration No.: 738
Date: November 14, 2015
Place: Dubai, UAE

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

Interim condensed statement of financial position at September 30th, 2015

	Note	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
NON CURRENT ASSETS			
Property, plant and equipment	4	182,879	188,961
Investment properties	5	2,924	2,924
Available for sale investments	6	1,419,745	1,535,059
Investment in an associate	7	82,582	82,582
Loan receivable from associate	8	312,338	289,000
TOTAL NON CURRENT ASSETS		**2,000,468**	**2,098,526**
CURRENT ASSETS			
Available for sale investments	6	684	713
Loan receivable from associate	8	55,012	54,000
Inventories	9	67,368	58,819
Trade and other receivables	10	115,312	73,495
Due from related parties	11	37,575	31,777
Bank balances and cash	12	40,918	73,995
TOTAL CURRENT ASSETS		**316,870**	**292,799**
CURRENT LIABILITIES			
Due to related parties	11	44,314	31,100
Bank loan	13	55,013	54,000
Trade and other payables	14	45,935	32,907
TOTAL CURRENT LIABILITIES		**145,262**	**118,007**
NET CURRENT ASSETS		**171,608**	**174,792**
NON CURRENT LIABILITIES			
Provision for employees' end of service gratuities		24,078	25,580
Bank loan	13	312,338	289,000
Total Non Current Liabilities		336,416	314,580
NET ASSETS		**1,835,660**	**1,958,738**
EQUITY			
Share capital	15	358,800	358,800
Share application money		26	26
Fair value reserve	16	684,670	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		328,862	330,044
TOTAL EQUITY		**1,835,660**	**1,958,738**

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on November 14, 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

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

	Note	Unaudited Three months period ended September 30, 2015 AED'000	Unaudited Three months period ended September 30, 2014 AED'000	Unaudited Nine months period ended September 30, 2015 AED'000	Unaudited Nine months period ended September 30, 2014 AED'000
Revenue		49,391	52,089	185,337	161,871
Cost of sales	21	(37,097)	(51,286)	(158,598)	(146,352)
Gross profit		**12,294**	**803**	**26,739**	**15,519**
Other income	22	7,437	3,127	25,414	10,354
		19,731	**3,930**	**52,153**	**25,873**
Administration, selling and general expenses	23	(8,453)	(6,251)	(20,061)	(18,939)
Finance cost		(2,836)	(1)	(8,928)	(5)
Profit before financial income and expense		**8,442**	**(2,322)**	**23,164**	**6,929**
Financial income/(expense) net	25	9,870	12,742	65,354	70,561
Net profit for the period		**18,312**	**10,420**	**88,518**	**77,490**
Net movement in fair value of available for sale investments		(126,768)	101,498	(115,066)	294,223
Total comprehensive income for the period		**(108,456)**	**111,918**	**(26,548)**	**371,713**
Basic and diluted earnings per share (AED)	26	0.05	0.03	0.25	0.22

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 September 30th, 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	-	-	(9,324)	-	-	-	-	-	**(9,324)**
Total comprehensive income for the period	-	-	294,223	-	-	-	-	77,490	**371,713**
Transfer to special reserve (Note 20)	-	-	-	-	-	-	15,900	(15,900)	-
Dividend paid during the period	-	-	-	-	-	-	-	(89,700)	**(89,700)**
Balance as at September 30, 2014 (Unaudited)	358,800	26	978,610	316,517	179,402	(38,154)	15,900	297,049	2,108,150
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	-	-	(6,830)	-	-	-	-	-	**(6,830)**
Total comprehensive income for the period	-	-	(115,066)	-	-	-	-	88,518	**(26,548)**
Dividend paid during the period	-	-	-	-	-	-	-	(89,700)	**(89,700)**
Balance as at September 30, 2015 (Unaudited)	358,800	26	684,670	316,517	179,402	(48,517)	15,900	328,862	1,835,660

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

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

	Note	Unaudited Nine months period ended September 30, 2015 AED'000	Unaudited Nine months period ended September 30, 2014 AED'000
Cash flows from operating activities			
Net profit for the period		88,518	77,490
Adjustments for:			
Depreciation	4	12,988	13,497
Gain on disposal of property, plant & equipment	4	(3,027)	(43)
Provision for employees' end of service gratuities		1,529	994
Financial income and expense (net)	25	(65,354)	(70,561)
Operating profit before working capital changes		34,654	21,377
Change in inventories	9	(8,549)	(6,230)
Change in trade and other receivables	10	(66,168)	109
Change in due from related parties	11	(5,798)	35,521
Change in trade and other payables	14	13,028	(4,309)
Change in due to related parties	11	13,214	646
Payment of end of service benefits		(3,031)	(490)
Net cash generated from operating activities		(22,650)	46,624
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(6,950)	(2,728)
Investment in available for sale investments	6	(247,360)	(169,836)
Proceeds from disposal of property, plant and equipment		3,071	43
Proceeds from disposal of available for sale investments		241,760	197,481
Dividend income	25	37,293	42,176
Interest income	25	27,108	25,101
Net cash from investing activities		54,922	92,237
Cash flows from financing activities			
Dividend paid during the period		(89,700)	(89,700)
Increase in Bank Loan		24,351	-
Directors' fees		-	-
Net cash used in financing activities		(65,349)	(89,700)
Net increase / (decrease) in cash and cash equivalents		(33,077)	49,161
Cash and cash equivalents at beginning of the period		73,995	37,923
Cash and cash equivalents at end of the period		40,918	87,084

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 nine months period ended September 30, 2015 were authorized for issue by the Board of Directors on November 14, 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 nine month period ended September 30, 2015 additions to property, plant and equipment amounted to AED 6.95 million and disposal of property, plant and equipment amounted to AED 3.26 million. Depreciation charge for the period amounts to AED 12.99 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 September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Non current investments	1,419,745	1,535,059
Current investments	684	713
	1,420,429	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 September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Equity instruments	963,002	1,021,878
Other instruments	457,427	513,894
	1,420,429	1,535,772

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

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Opening balance	1,535,772	1,429,261
Additions	247,360	228,742
Disposals/redeemed	(240,807)	(235,086)
Reclassification adjustments on disposal of investments	(6,830)	(9,977)
Fair value changes	(115,066)	122,832
	1,420,429	1,535,772

During the period, the Company has recognized a fair value loss of AED 121.89 million (September 30, 2014 fair value gain of AED 294.22 million), recognized to other comprehensive income reclassified from equity to statement of comprehensive income, for investments not yet derecognized.

At September 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 September 30, 2015, investments in marketable securities amounting to AED 266.02 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 484.07 million (December 31, 2014: AED 617.73 million) are pledged with the bank against the loan of AED 367.35 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 28 to the financial instruments.

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

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Equity instruments	187,225	187,225
Other instruments *	548,518	541,965
	735,743	729,190

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

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Opening balance *	729,190	735,535
Additions	247,360	228,742
Disposals	(240,807)	(235,086)
	735,743	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 September 30, 2015 AED'000	Unaudited Three Month Period ended September 30, 2014 AED'000	Unaudited Nine Month Period ended September 30, 2015 AED'000	Unaudited Nine Month Period ended September 30, 2014 AED'000
Realized gain / (loss) on disposal attributable to difference between selling price and carrying amount of investments	2,774	(1,500)	6,830	3,285
Reclassification adjustments on disposal of investments	(2,774)	(3,192)	(6,830)	(9,324)
	-	(4,692)	-	(6,039)

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

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
United Arab Emirates	1,073,111	1,105,113
Saudi Arabia	137,545	202,939
Other countries	209,773	227,720
	1,420,429	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 September 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 ten installments over a period of five years beginning from December 2015. The interest rate on this loan is charged on the same terms as the long term loan from the bank which is 6 months LIBOR +3.25%. Refer note 13 for the bank liability against this loan.

9 Inventories

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Raw materials	15,727	16,048
Work in progress	28,183	22,829
Finished goods	3,876	2,470
Consumable and spare parts	19,582	17,472
	67,368	58,819

10 Trade and other receivables

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Trade receivables	84,960	66,789
Allowance for doubtful debts*	(3,600)	(3,600)
	81,360	63,189
Advances and other receivables	32,417	10,010
Prepayments and other receivables	1,535	296
	115,312	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 September 30, 2015 AED'000	Unaudited Three Month Period ended September 30, 2014 AED'000	Unaudited Nine Month Period ended September 30, 2015 AED'000	Unaudited Nine Month Period ended September 30, 2014 AED'000
With Associate				
Loan repaid	-	-	27,000	22,500
With Other related parties:				
Sale of cement	9,295	21,272	29,989	64,879
Purchase of materials and services	2,145	12,363	39,798	58,661
With Key Management Personnel:				
Salaries and other short term benefits	724	792	2,416	2,369
End of service benefits charged	44	43	131	128
End of service benefits at period end	5,403	5,171	5,403	5,171
Directors' fee	-	-	250	-

Related party balances are as under:

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Payables:		
To Associates	14,017	-
To other related parties	30,047	29,100
To Director	250	2,000
Receivables:		
From Associate - Interest	8,898	11,684
From Associate - short term loan	55,013	54,000
From Associate - long term loan	312,338	289,000
From Associate - Others	-	-
From other related parties	22,688	14,108
From Director	5,989	5,985

12 Bank balances and cash

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Cash at hand	1,234	783
Current accounts with banks	39,684	73,212
	40,918	**73,995**

13 Bank Loan

This represents loan from the bank with interest rate of 6 months LIBOR +3.25% total amounting to AED 367.35 million. This loan is obtained by the company to finance its associate. The loan is repayable in ten installments over a period of five 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 September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Trade payables	10,604	13,433
Other accruals and payables	32,342	19,239
Advances	2,989	235
	45,935	**32,907**

15 Share capital

	Unaudited September 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 September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Opening balance	806,566	693,711
Net movement in changes in fair value	(115,066)	122,832
Reclassification adjustments on disposal of investments	(6,830)	(9,977)
	684,670	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 nine months period ended September 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 associatė accounted till December 31, 2013

21 Cost of sales

	Unaudited Three Month Period ended September 30, 2015 AED'000	Unaudited Three Month Period ended September 30, 2014 AED'000	Unaudited Nine Month Period ended September 30, 2015 AED'000	Unaudited Nine Month Period ended September 30, 2014 AED'000
Material expenses	14,183	30,759	85,727	74,287
Utilities and other factory costs	13,673	10,866	45,083	43,741
Staff costs	5,274	5,701	15,908	16,471
Depreciation	3,967	3,960	11,880	11,853
	37,097	51,286	158,598	146,352

22 Other income

	Unaudited Three Month Period ended September 30, 2015 AED'000	Unaudited Three Month Period ended September 30, 2014 AED'000	Unaudited Nine Month Period ended September 30, 2015 AED'000	Unaudited Nine Month Period ended September 30, 2014 AED'000
Rental income from investment properties	914	823	2,855	2,580
Other rental income	2,752	1,679	6,597	5,118
Income from sale of by-product and scraps	638	399	2,081	2,135
Gain on disposal of P.P.E.	-	-	3,027	43
Interest Income	2,809	-	8,898	-
Other income	324	226	1,956	478
	7,437	3,127	25,414	10,354

23 Administration, selling and general expenses

	Unaudited Three Month Period ended September 30, 2015 AED'000	Unaudited Three Month Period ended September 30, 2014 AED'000	Unaudited Nine Month Period ended September 30, 2015 AED'000	Unaudited Nine Month Period ended September 30, 2014 AED'000
Staff salaries and benefits	3,935	4,192	11,040	11,859
License fees	-	-	-	193
Insurance	17	13	492	277
Communications	46	37	146	128
Repair and maintenance	-	849	-	2,634
Travelling and conveyance expenses	49	26	132	142
Legal and professional	2,609	50	2,953	223
Electricity and water	156	86	256	247
Depreciation	382	434	1,108	1,643
Other Miscellaneous Expenses	1,137	452	3,492	984
Bank Charges	122	112	442	609
	8,453	6,251	20,061	18,939

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 September 30, 2015 AED'000	Unaudited Three Month Period ended September 30, 2014 AED'000	Unaudited Nine Month Period ended September 30, 2015 AED'000	Unaudited Nine Month Period ended September 30, 2014 AED'000
Interest income:				
- Investments in marketable securities	5,451	8,977	27,108	25,101
Gain on disposal of available for sale financial assets	1,430	-	1,430	6,168
Dividend income	3,466	5,302	37,293	42,176
Financial income	10,347	14,279	65,831	73,445
Loss on disposal of available for sale investments:	477	1,537	477	2,884
Financial expense	477	1,537	477	2,884
Financial Income net	9,870	12,742	65,354	70,561

26 Earnings per share

	Unaudited Three Month Period ended September 30, 2015 AED'000	Unaudited Three Month Period ended September 30, 2014 AED'000	Unaudited Nine Month Period ended September 30, 2015 AED'000	Unaudited Nine Month Period ended September 30, 2014 AED'000
Net profit attributable to shareholders	18,312	10,420	88,518	77,490
Weighted average number of shares	358,800	358,800	358,800	358,800
Earnings per share	**0.05**	**0.03**	**0.25**	**0.22**

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 27,253 (September 30, 2014: AED 44,890)

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 141.97 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 September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Financial assets		
Available for sale investments	1,420,429	1,535,772
Loans and receivables:-		
Trade and other receivables	115,312	73,199
Due from related parties	28,677	31,777
Loan to associate	367,351	343,000
Cash and bank balances	40,918	73,995
Financial liabilities		
Other financial liabilities:-		
Trade and other payables	45,935	32,907
Due to related parties	44,314	31,100
Bank loans	367,351	343,000

29 Contingent liabilities

	Unaudited September 30, 2015 AED'000	Audited December 31, 2014 AED'000
Letters of guarantee	3,009	3,109
Letters of credit	14,709	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 September 30th, 2015

Amount in AED

Segment report as on September 30th, 2015

	Nine months period ended September 30th, 2015 (Unaudited)			Nine months period ended September 30th, 2014 (Unaudited)		
	Cement	Investment in marketable securities and derivative products	Total	Cement	Investment in marketable securities and derivative products	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment revenue	185,337	65,354	250,691	161,871	70,561	232,432
Segment result	26,739	65,354	92,093	15,519	70,561	86,080
Other income	-	-	25,414	-	-	10,354
Unallocated expenses	-	-	(28,989)	-	-	(18,944)
Net profit for the year	-	-	88,518	-	-	77,490
Segment assets	444,052	1,420,429	1,864,481	506,299	1,615,931	2,122,230
Investment in equity accounted investee	-	-	82,582	-	-	60,445
Other assets	-	-	370,275	-	-	368,424
Total assets	444,052	1,420,429	2,317,338	506,299	1,615,931	2,551,099
Segment liabilities	114,327	-	114,327	77,449	-	77,449
Other liabilities	-	-	367,351	-	-	365,500
Total liabilities	114,327	-	481,678	77,449	-	442,949
Capital expenditure	6,950	-	6,950	2,728	-	2,728
Depreciation	12,988	-	12,988	13,497	-	13,497