CNK-HAS
Chartered Accountants

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

Interim Condensed Financial Statements
Period ended June 30, 2017

س ان كيه حسين الصايغ شارترد اكاونتنتس

CNK Hussain Alsayegh Chartered Accountants

Suite # 17.06, Dubai World Trade Centre,
Sheikh Zayed Road, P.O.Box 454442
Dubai, United Arab Emirates
Tel.: + 971 04 3559533
Fax: + 971 04 3559544
E-mail: admin@cnkhas.com
Web: www.cnkhas.com

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Dubai, United Arab Emirates

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+971 4 355 9533 +971 4 355 9544 admin@cnkhas.com www.cnkhas.com
Suite # 17.06, Sheikh Rashid Tower, Dubai World Trade Centre, Sheikh Zayed Road, P.O. Box 454442, Dubai, U.A.E

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, 2017, 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 than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters 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, 2017 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

سي ان كيه حسين الصايغ شارترد اكاونتنتس
P.O. Box: 454442
DUBAI - U.A.E.
CNK HUSSAIN ALSAYEGH CHARTERED ACCOUNTANTS

Date: August 13, 2017
Place: Dubai, UAE

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

Interim condensed statement of financial position at June 30, 2017

	Note	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
NON CURRENT ASSETS			
Property, plant and equipment	4	217,023	189,568
Investment properties	5	2,924	2,924
Available for sale investments	6	1,222,399	1,213,134
Investment in an associate	7	74,339	74,339
Loan receivable from associate	8	260,898	260,898
TOTAL NON CURRENT ASSETS		**1,777,583**	**1,740,863**
CURRENT ASSETS			
Available for sale investments	6	602	638
Loan receivable from associate	8	55,102	55,102
Inventories	9	60,641	56,266
Trade and other receivables	10	85,272	124,405
Due from related parties	11	101,577	100,911
Bank balances and cash	12	37,085	22,701
TOTAL CURRENT ASSETS		**340,279**	**360,023**
CURRENT LIABILITIES			
Due to related parties	11	36,088	34,202
Bank loan	13	163,061	68,137
Trade and other payables	14	41,696	54,216
TOTAL CURRENT LIABILITIES		**240,845**	**156,555**
NET CURRENT ASSETS		**99,434**	**203,468**
NON CURRENT LIABILITIES			
Provision for employees' end of service gratuities		24,441	23,396
Bank loan	13	214,297	273,219
Total Non Current Liabilities		238,738	296,615
NET ASSETS		**1,638,279**	**1,647,716**
EQUITY			
Share capital	15	358,800	358,800
Share application money		26	26
Fair value reserve	16	539,153	504,299
General reserve	17	316,517	316,517
Statutory reserve	18	179,402	179,402
Foreign exchange reserve	7	(56,927)	(56,927)
Special reserve	20	38,129	38,129
Retained earnings		263,179	307,470
TOTAL EQUITY		**1,638,279**	**1,647,716**

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on August 13, 2017 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, 2017

	Note	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Revenue		54,248	59,215	103,189	123,833
Cost of sales	21	(49,216)	(47,961)	(94,993)	(98,787)
Gross profit		**5,032**	**11,254**	**8,196**	**25,046**
Other income	22	8,108	8,459	16,715	16,743
		13,140	**19,713**	**24,911**	**41,789**
Administration, selling and general expenses	23	(6,635)	(6,494)	(12,632)	(12,352)
Finance cost		(4,338)	(3,955)	(8,139)	(7,645)
Profit before financial income and expense		**2,167**	**9,264**	**4,140**	**21,792**
Financial income/(expense) net	24	10,067	39,268	41,269	41,828
Net profit for the period		12,234	48,532	45,409	63,620
Net movement in fair value of available for sale investments		(87,768)	(70,467)	35,075	(52,331)
Total comprehensive income for the period		**(75,534)**	**(21,935)**	**80,484**	**11,289**
Basic and diluted earnings per share (AED)	25	0.03	0.14	0.13	0.18

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, 2017

	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 AED'000	Retained earnings AED'000	Total equity AED'000
Balance as at January 1, 2016	**358,800**	**26**	**536,739**	**316,517**	**179,402**	**(53,185)**	**15,900**	**332,124**	**1,686,323**
Transfer to special reserve (Note 20)	-	-	-	-	-	-	22,229	(22,229)	-
Transfer on derecognition of investments to statement of comprehensive income	-	-	(19,915)	-	-	-	-	-	**(19,915)**
Total comprehensive income for the period	-	-	(52,331)	-	-	-	-	63,620	**11,289**
Dividend paid during the period	-	-	-	-	-	-	-	(89,700)	**(89,700)**
Balance as at June 30, 2016 (Unaudited)	**358,800**	**26**	**464,493**	**316,517**	**179,402**	**(53,185)**	**38,129**	**283,815**	**1,587,997**
Balance as at January 1, 2017	**358,800**	**26**	**504,299**	**316,517**	**179,402**	**(56,927)**	**38,129**	**307,470**	**1,647,716**
Transfer to special reserve (Note 20)	-	-	-	-	-	-	-	-	-
Transfer on derecognition of investments to statement of comprehensive income	-	-	(221)	-	-	-	-	-	(221)
Total comprehensive income for the period	-	-	35,075	-	-	-	-	45,409	80,484
Dividend paid during the period	-	-	-	-	-	-	-	(89,700)	(89,700)
Balance as at June 30, 2017 (Unaudited)	**358,800**	**26**	**539,153**	**316,517**	**179,402**	**(56,927)**	**38,129**	**263,179**	**1,638,279**

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 June 30, 2017

	Note	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Cash flows from operating activities			
Net profit for the period		45,409	63,620
Adjustments for:			
Depreciation	4	7,554	8,267
Gain on disposal of property, plant & equipment		(33)	(176)
Provision for employees' end of service gratuities		1,400	737
Financial income and expense (net)	24	(41,269)	(41,828)
Operating profit before working capital changes		**13,061**	**30,620**
Change in inventories	9	(4,375)	(8,814)
Change in trade and other receivables	10	39,133	8,483
Change in due from related parties	11	(666)	(44,880)
Change in trade and other payables	14	(12,520)	18,838
Change in due to related parties	11	1,886	(854)
Payment of end of service benefits		(355)	(438)
Net cash generated from operating activities		**36,164**	**2,955**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(35,010)	(16,670)
Investment in available for sale investments	6	(150,019)	(86,226)
Proceeds from disposal of property, plant and equipment		34	176
Proceeds from disposal of available for sale investments		173,402	104,724
Dividend income	24	30,577	31,356
Interest income	24	12,934	12,060
Net cash from investing activities		**31,918**	**45,420**
Cash flows from financing activities			
Dividend paid during the period		(89,700)	(89,700)
Repayment of bank loan		-	(130,000)
Proceeds from new bank loan		36,002	178,413
Directors' fees		-	-
Net cash used in financing activities		**(53,698)**	**(41,287)**
Net increase in cash and cash equivalents		**14,384**	**7,088**
Cash and cash equivalents at beginning of the period		22,701	25,481
Cash and cash equivalents at end of the period		37,085	32,569

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 Federal Law No. 2 of 2015, concerning Commercial Companies has come into effect from June 28, 2015 replacing the existing Federal Law No. 8 of 1984. 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, 2017 were authorized for issue by the Board of Directors on August 13, 2017.

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, 2016.

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, 2016.

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, 2017 additions to property, plant and equipment amounted to AED 35.00 million and disposal of property, plant and equipment amounted to AED 0.83 million. Depreciation charge for the period amounts to AED 7.55 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, 2016.

6 Available for sale investments

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Non current investments	1,222,399	1,213,134
Current investments	602	638
	1,223,001	**1,213,772**

Non-current investments represents available for sale investments in securities (debt, equity and other 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, 2017 AED'000	Audited December 31, 2016 AED'000
Equity instruments	751,024	725,063
Other instruments	471,977	488,709
	1,223,001	**1,213,772**

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

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Opening balance	1,213,772	1,268,598
Additions	150,019	201,743
Disposals/redeemed	(175,644)	(224,129)
Reclassification adjustments on disposal of investments	(221)	(30,417)
Fair value changes	35,075	(2,023)
	1,223,001	**1,213,772**

During the period, the Company has recognized a fair value gain of AED 35.07 million (June 30, 2016 fair value loss of AED 52.33 million), recognized to other comprehensive income reclassified from equity to statement of comprehensive income, for investments not yet derecognized.

At June 30, 2017, investments include AED 98.64 million (December 31, 2016: AED 99.38 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, 2017, investments in marketable securities amounting to AED 321.45 million (December 31, 2016: AED 339.46 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 481.75 million (December 31, 2016: AED 506.42 million) are pledged with the bank against the loan of AED 377.36 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, 2017 AED'000	Audited December 31, 2016 AED'000
Equity instruments	190,011	189,995
Other instruments	493,821	519,462
	683,832	**709,457**

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

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Opening balance	709,457	731,843
Additions	150,019	201,743
Disposals	(175,644)	(224,129)
	683,832	**709,457**

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

	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Realized gain on disposal attributable to difference between selling price and carrying amount of investments	(4,938)	5,957	(2,039)	18,095
Reclassification adjustments on disposal of investments	2,880	(5,131)	(19)	(19,915)
	(2,058)	**826**	**(2,058)**	**(1,820)**

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

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
United Arab Emirates	792,688	790,350
Saudi Arabia	166,490	171,873
Other countries	263,823	251,549
	1,223,001	1,213,772

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, 2016 based on the management accounts as at December 31, 2016.

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 = 0.57 AED on December 31, 2016 and moved to 1 SDG = 0.547 AED on June 30, 2017. 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 AED denominated 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 at the rate of 5.85% per annum.

9 Inventories

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Raw materials	10,211	10,067
Work in progress	25,779	21,411
Finished goods	1,990	2,686
Consumable and spare parts	22,661	22,102
	60,641	56,266

10 Trade and other receivables

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Trade receivables	76,846	84,619
Allowance for doubtful debts*	(3,600)	(3,600)
	73,246	81,019
Advances and other receivables	9,611	41,905
Prepayments and other receivables	2,415	1,481
	85,272	124,405

*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 months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
With Associate				
Loan repaid	-	-	-	-
With Other related parties:				
Sale of cement	6,888	10,644	13,593	24,391
Purchase of materials and services	2,279	2,490	4,810	4,372
With Key Management Personnel:				
Salaries and other short term benefits	859	947	1,718	1,765
End of service benefits charged	44	43	87	87
End of service benefits at period end	5,708	5,534	5,708	5,534
Directors' fee	-	250	-	250

Related party balances are as under:

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Payables:		
To Associates	-	-
To Other related parties	36,088	32,202
To Director	-	2,000
Receivables:		
From Associate - Others	88,270	76,024
From Associate - short term loan	55,102	55,102
From Associate - long term loan	260,898	260,898
From other related parties	13,276	24,887
From Director	31	-

12 Bank balances and cash

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Cash at hand	691	588
Current accounts with banks	36,394	22,113
	37,085	22,701

13 Bank Loan

This represents:-

1) 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.

2) Loan from the bank with interest rate of 6 months EIBOR +2.95% total amounting to AED 130 million. This loan is obtained by the company to partially repay term loan outstanding with other bank and for General Corporate purpose. The loan is repayable in four installments over a period of two years. Please refer note 6 for details of investments pledged against this loan.

3) Loan from the bank with interest rate of 6 months EIBOR +2.75% total amounting to AED 60 million. This loan is obtained by the company for the purpose of working capital. The loan is repayable in one year. Please refer note 6 for details of investments pledged against this loan.

14 Trade and other payables

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Trade payables	18,814	31,886
Other accruals and payables	17,604	21,450
Advances	5,278	880
	41,696	54,216

15 Share capital

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 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 June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Opening balance	504,299	536,739
Net movement in changes in fair value	(221)	(2,023)
Reclassification adjustments on disposal of investments	35,075	(30,417)
	539,153	504,299

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.2 of 2015 (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, 2017 as the reserve equaled 50% of the paid share capital.

19 Dividend

For 2016, 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 5, 2017. In 2015, 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 22.23 million was transferred to this reserve during the year 2016 representing the accumulated profit from the associate accounted till December 31, 2015

21 Cost of sales

	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Material expenses	26,641	21,170	48,637	49,006
Utilities and other factory costs	13,453	17,631	28,390	32,927
Staff costs	5,674	5,428	11,084	9,364
Depreciation	3,448	3,732	6,882	7,490
	49,216	47,961	94,993	98,787

22 Other income

	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Rental income from investment properties	969	859	1,919	1,822
Other rental income	2,173	1,836	3,937	3,573
Income from sale of by-product and scraps	950	680	2,024	1,530
Gain on disposal of P.P.E.	8	176	33	176
Interest Income	2,949	3,793	6,180	8,020
Other income	1,059	1,115	2,622	1,622
	8,108	8,459	16,715	16,743

23 Administration, selling and general expenses

	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Staff salaries and benefits	4,641	3,967	8,347	7,599
License fees	110	-	221	193
Insurance	-	319	266	507
Communications	43	38	74	75
Repair and maintenance	708	574	1,293	1,403
Travelling and conveyance expenses	35	78	61	80
Legal and professional	175	50	350	165
Electricity and water	42	65	114	115
Depreciation	315	401	672	777
Other Miscellaneous Expenses	446	918	987	1,253
Bank Charges	120	84	247	185
	6,635	**6,494**	**12,632**	**12,352**

24 Financial income

	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Interest income:				
- Investments in marketable securities	6,657	6,853	12,934	12,060
Gain on disposal of available for sale financial assets	-	3,208	-	3,208
Dividend income	5,652	31,356	30,577	31,356
Financial income	**12,309**	**41,417**	**43,511**	**46,624**
Loss on disposal of available for sale investments:	(2,242)	(2,149)	(2,242)	(4,796)
Financial expense	(2,242)	(2,149)	(2,242)	(4,796)
Financial Income net	**10,067**	**39,268**	**41,269**	**41,828**

25 Earnings per share

	Unaudited Three months period ended June 30, 2017 AED'000	Unaudited Three months period ended June 30, 2016 AED'000	Unaudited Six months period ended June 30, 2017 AED'000	Unaudited Six months period ended June 30, 2016 AED'000
Net profit attributable to shareholders	12,234	48,532	45,409	63,620
Weighted average number of shares	358,800	358,800	358,800	358,800
Earnings per share	**0.03**	**0.14**	**0.13**	**0.18**

26 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.

27 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 33,284 (June 30, 2016: AED 34,268)

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 75.10 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 June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Financial assets		
Available for sale investments	1,223,001	1,176,267
Loans and receivables:-		
Trade and other receivables	85,272	125,153
Due from related parties	101,577	100,564
Loan to associate	316,000	316,000
Cash and bank balances	37,085	32,569
Financial liabilities		
Other financial liabilities:-		
Trade and other payables	41,696	44,742
Due to related parties	36,088	34,832
Bank loans	377,358	394,297

28 Contingent liabilities

	Unaudited June 30, 2017 AED'000	Audited December 31, 2016 AED'000
Letters of guarantee	3,009	3,009
Letters of credit	4,950	2,412

29 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.

30 Comparative figures

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

Segment report as on June 30, 2017

	Six months period ended June 30, 2017 (Unaudited)			Six months period ended June 30, 2016 (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	103,189	41,268	144,457	123,833	41,828	165,661
Segment result	8,196	41,268	49,464	25,046	41,828	66,874
Other income	-	-	16,715	-	-	16,743
Unallocated expenses	-	-	(20,772)	-	-	(19,997)
Net profit for the year	8,196	41,268	45,407	-	-	63,620
Segment assets	501,594	1,223,001	1,724,594	512,276	1,176,267	1,688,543
Investment in equity accounted investee	-	-	74,340	-	-	77,528
Other assets	-	-	318,925	-	-	318,924
Total assets	501,594	1,223,001	2,117,859	512,276	1,176,267	2,084,995
Segment liabilities	102,225	-	102,225	102,701	-	102,701
Other liabilities	-	-	377,358	-	-	394,297
Total liabilities	102,225	-	479,582	102,701	-	496,998
Capital expenditure	35,010	-	35,010	16,670	-	16,670
Depreciation	7,554	-	7,554	8,267	-	8,267