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

Interim Condensed Financial Statements
Period ended March 31, 2018

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

Interim condensed financial statements for the period ended March 31, 2018

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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 March 31, 2018, and the related interim condensed statement of income, Interim condensed statement of profit or loss and other comprehensive income & changes in equity and cash flows for the three 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 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 March 31, 2018 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
Regn No.: 738
Date: May 15, 2018
Place: Dubai, UAE

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2018

	Note	Unaudited March 31, 2018 AED'000	*Audited December 31, 2017 AED'000
NON CURRENT ASSETS			
Property, plant and equipment	5	223,991	224,486
Investment properties	6	2,924	2,924
Investments carried at FVTOCI/ Available for sale	7	1,255,875	1,234,498
Investments carried at FVTPL	7	8,408	-
Investment in an associate	8	98,765	256,790
Loan receivable from associate	9	260,898	260,898
Total non current assets		1,850,861	1,979,596
CURRENT ASSETS			
Investments carried at FVTPL/ Available for sale	7	2,462	701
Loan receivable from associate	9	55,102	55,102
Inventories	10	67,089	59,696
Trade and other receivables	11	101,746	87,997
Due from related parties	12	96,229	97,940
Cash & cash equivalents	13	17,363	18,895
Total current assets		339,991	320,331
CURRENT LIABILITIES			
Due to related parties	12	32,839	30,237
Bank loan / Overdraft	14	81,971	105,806
Trade and other payables	15	56,312	40,404
Total current liabilities		171,122	176,447
NET CURRENT ASSETS		168,869	143,884
NON CURRENT LIABILITIES			
Provision for employees' end of service gratuities		23,015	23,418
Bank loan	14	261,497	261,497
Total Non Current liabilities		284,512	284,915
NET ASSETS		1,735,218	1,838,565
EQUITY			
Share capital	16	358,800	358,800
Share application money		26	26
Fair value reserve	17	579,882	550,573
General reserve	18	316,517	316,517
Statutory reserve	19	179,402	179,402
Foreign exchange reserve	8	146,113	304,138
Retained earnings		154,478	129,109
TOTAL EQUITY		1,735,218	1,838,565

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen, comparative information is not restated.

These interim condensed financial statements were approved and authorized for issue by the Board of Directors on May 15, 2018 and were signed on their behalf by:

Director   **Director**

The notes on pages 7 to 20 form part of these interim condensed financial statements

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF INCOME FOR THE PERIOD ENDED MARCH 31, 2018

	Note	Unaudited Three months period ended March 31, 2018 AED'000	*Unaudited Three months period ended March 31, 2017 AED'000
Revenue		49,327	48,941
Cost of sales	22	(47,564)	(45,777)
Gross profit		1,763	3,164
Interest income		4,570	3,231
Other income	23	4,359	5,377
Administration, selling and general expenses	24	(6,230)	(5,996)
Finance cost		(4,583)	(3,801)
Income from investments (net)	25	30,437	31,202
Net profit for the period		**30,316**	**33,177**
Basic and diluted earnings per share	26	0.08	0.09

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen, comparative information is not restated.

The notes on pages 7 to 20 form part of these interim condensed financial statements

NATIONAL CEMENT COMPANY (PUBLIC SHAREHOLDING CO.)
DUBAI, UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2018

	Note	Unaudited Three months period ended March 31, 2018 AED'000	*Unaudited Three months period ended March 31, 2017 AED'000
Net profit for the period		**30,316**	**33,177**
Other Comprehensive income			
Items that will not be reclassified to profit or loss:			
Investments carried at FVTOCI - net change in fair value	7.2	23,651	-
Reclassification adjustment on disposal of investments carried at FVTOCI	7.2	711	-
Changes in foreign exchange translation reserve	8	(158,025)	-
Items that are or maybe reclassified subsequently to profit or loss:			
Available for sale investments - net change in fair value		-	122,843
Other comprehensive income for the period		(133,663)	122,843
Total comprehensive income for the period		(103,347)	156,020

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen, comparative information is not restated.

The notes on pages 7 to 20 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 MARCH 31, 2018

	Share capital	Share application money payable	Fair value reserve	General reserve	Statutory reserve	Foreign exchange translation reserve	Special Reserve	Retained earnings	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
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 on derecognition of investments to statement of comprehensive income	-	-	122,843	-	-	-	-	-	122,843
Total comprehensive income for the period	-	-	(2,898)	-	-	-	-	33,177	30,279
Balance as at March 31, 2017 (Unaudited)	358,800	26	624,244	316,517	179,402	(56,927)	38,129	340,647	1,800,838
Balance as at January 1, 2018	**358,800**	**26**	**550,573**	**316,517**	**179,402**	**304,138**	**-**	**129,109**	**1,838,565**
Adjustment on initial application of IFRS 9	-	-	4,947	-	-	-	-	(4,947)	-
Transfer on derecognition of investments to statement of comprehensive income	-	-	711	-	-	-	-	-	711
Total comprehensive income for the period	-	-	23,651	-	-	(158,025)	-	30,316	(104,058)
Balance as at March 31, 2018 (Unaudited)	358,800	26	579,882	316,517	179,402	146,113	-	154,478	1,735,218

The notes on pages 7 to 20 form part of these interim condensed financial statements

INTERIM CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2018

	Note	Unaudited Three months period ended March 31, 2018 AED'000	*Unaudited Three months period ended March 31, 2017 AED'000
Cash flows from operating activities			
Net profit for the period		30,316	33,177
Adjustments for:			
Depreciation	5	3,734	3,791
Gain on sale of property, plant and equipment	5	-	(25)
Provision for employees' end of service gratuities		310	357
Fair value change in investments at FVTPL	7.1	(484)	-
Income from investments (net)	25	(29,953)	(31,202)
Operating profit before working capital changes		3,923	6,099
Change in inventories	10	(7,393)	(10,862)
Change in trade and other receivables	11	(13,749)	33,174
Change in due from related parties	12	1,711	4,872
Change in trade and other payables	15	15,908	(4,502)
Change in due to related parties	12	2,602	(2,286)
Payment of end of service benefits		(713)	(153)
Net cash generated from operating activities		2,289	26,342
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(3,239)	(31,546)
Proceeds from disposal of property, plant and equipment	5	-	25
Investments at FVTOCI/available for sale	7.2	(21,747)	(48,964)
Proceeds from disposal of investments at FVTOCI/available for sale	7.2	15,047	107,882
Dividend income	25	24,903	24,925
Interest income	25	5,050	6,277
Net cash from investing activities		20,014	58,599
Cash flows from financing activities			
Reduction in Bank loan / Overdraft		(23,835)	(24,659)
Net cash used in financing activities		(23,835)	(24,659)
Net increase in cash and cash equivalents		(1,532)	60,282
Cash and cash equivalents at beginning of the period		18,895	22,701
Cash and cash equivalents at end of the period		17,363	82,983

* The Company has initially applied IFRS 15 and IFRS 9 at January 1, 2018. Under the transition methods chosen, comparative information is not restated.

The notes on pages 7 to 20 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. The Company is listed on the Dubai Financial Market since 2005.

The interim condensed financial statements for the three months period ended March 31, 2018 were authorized for issue by the Board of Directors on May 15, 2018.

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

2 Basis of preparation

Statement of compliance

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, 2017.

This is the first set of the company's interim financial statements where IFRS 15 and IFRS 9 have been applied.
Changes to the significant accounting policies are described in note 4

Basis of measurement

These interim condensed interim financial statements have been presented on the historical cost basis except for investments carried at fair value through other comprehensive income ("FVTOCI"), investments carried at fair value through profit or loss ("FVTPL") and derivative financial instruments which are measured at fair value.

Accounting estimates and judgments

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the Company's accounting policies and the key source of estimation uncertainty were the same as those that were applied in preparation of the financial statements of the Company as at and for the year ended December 31, 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in Note 4.

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, 2017, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9.

These interim condensed financial statements are presented in United Arab Emirates Dirhams ("AED"), rounded to the nearest thousand.

4 Changes in significant accounting policies

The Company has initially adopted IFRS 15 'Revenue from Contracts with Customers' (refer note 4a) and IFRS 9 Financial Instruments (refer note 4b) from 1 January 2018. With implementation of IFRS 9, the available for sale investments have been classified to FVTPL and FVTOCI. Refer note 7.1 and 7.2 for reclassification.
A number of other amendments to standards are also effective from January 1, 2018 but they do not have a material effect on the Company's financial statements.
The changes in accounting policies are also expected to be reflected in the Company's financial statements as at and for the year ending 31 December 2018.

4a IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Revenue from sale of goods
Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control- at a point in time or over time - requires judgement.
The Company recognizes revenue from sale of goods based on a five step model as set out in IFRS 15:

Step 1: Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:
1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which performance obligation is satisfied.
When the Company satisfies a performance obligation by delivering the promised goods, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized, this gives rise to a contract liability.

4b IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The following table summarizes the impact of transition to IFRS 9 on the opening balance of fair value reserves and retained earnings as at January 1, 2018:

	Note	Impact of adopting IFRS 9 on opening balance In AED '000
Retained earnings		
Transfer of fair value reserve to retained earning upon reclassification of equity investments from available for sale investments to FVTPL under IFRS 9		(4,947)
Impact at January 1, 2018		**(4,947)**
Fair value reserve		
Transfer of fair value reserve to retained earning upon reclassification of equity investments from available for sale investments to FVTPL under IFRS 9		4,947
Impact at January 1, 2018		**4,947**

Details of new accounting policies are set out below:

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; FVTOCI - equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:
it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements, as described further below.

The following table below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at January 1, 2018.

In AED'000	**Original classification**	**New classification**	**Original carrying value**	**New carrying value**
Financial assets	**Under IAS 39**	**Under IFRS 9**	**Under IAS 39**	**Under IFRS 9**
Equity instruments held for trading	Available for sale investments	Mandatorily at FVTPL		10,386
Equity instruments held for long term	Available for sale investments	Investments at FVOCI	1,235,199	833,743
Other structured products of investment	Available for sale investments	Investments at FVOCI		391,070
Trade and other receivables	Loans and receivables	Amortised cost	87,350	87,350
Due from related parties	Loans and receivables	Amortised cost	97,940	97,940
Loan to associate	Loans and receivables	Amortised cost	316,000	316,000
Cash and bank balances	-	Amortised cost	18,895	18,895

- **Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company measures loss allowances at an amount equal to lifetime ECLs.
The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECLs.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

EC Ls are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.
Impairment losses related to trade and other receivables and cash and cash equivalents are presented separately in the statement of profit or loss.

Trade receivables and contract assets

The ECLs were calculated based on actual credit loss experience over the past three years. The Company performed the calculation of ECL rates for other customers & related party receivables.
The current already applied provision for the receivables is more than the calculated Expected credit loss on the trade receivables. Furthermore, 86.76% of trade receivable balances are covered by bank guarantees.
Based on Company's overall assessment, the application of IFRS 9 has not resulted in additional impairment allowance.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at January 1, 2018 has not resulted in an additional impairment allowance.

5 Property, plant and equipment

During the three month period ended March 31, 2018 additions to property, plant and equipment amounted to AED 3.24 million and no assets were disposed during the period. Depreciation charge for the period amounts to AED 3.73 million.

6 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.
The fair market value of investment properties, including land, is estimated to be in the range of AED 105 million as per the internal valuation carried out by the management in March 2018. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals.

7 INVESTMENTS	Unaudited March 31, 2018 AED'000	*Audited December 31, 2017 AED'000
Non current investments - carried at FVOCI/ Available for sale	1,255,875	1,234,498
Non current investments - carried at FVTPL	8,408	-
Current investments - carried at FVTPL/ Available for sale	2,462	701
	1,266,745	1,235,199

Non-current investments represents investments at FVTOCI and FVTPL/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.

Break-up of investment in marketable securities at fair value is stated below:	Unaudited March 31, 2018 AED'000	*Audited December 31, 2017 AED'000
Equity instruments	801,897	770,261
Other instruments	464,848	464,938
	1,266,745	1,235,199

7.1 Movement in investments carried at FVTPL	Unaudited March 31, 2018 AED'000	*Audited December 31, 2017 AED'000
Reclassification from investment carried at FVTOCI	10,386	-
Additions	-	-
Disposals/ redeemed	-	-
Fair value changes	484	-
Reclassification adjustments on disposal of investments	-	-
	10,870	-

7.2 Movement in investments carried at FVTOCI	Unaudited March 31, 2018 AED'000	*Audited December 31, 2017 AED'000
Opening balance	1,235,199	1,213,772
Reclassification to investment carried at FVTPL	(10,386)	-
Additions	21,747	267,294
Disposals/ redeemed	(15,047)	(292,141)
Fair value changes	23,651	47,882
Reclassification adjustments on disposal of investments	711	(1,608)
	1,255,875	1,235,199

* IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen, comparative information is not restated.

At March 31, 2018, investments include AED 94.01 million (December 31, 2017: AED 94.01 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 March 31, 2018, investments in marketable securities amounting to AED 366.10 million (December 31, 2017: AED 334.46 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 643.45 million (December 31, 2017: AED 486.03 million) are pledged with the bank against the loan of AED 341.40 million.

Break-up of investment in marketable securities at cost is stated below: (FVTPL & FVTOCI)	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Equity instruments	190,011	190,011
Other instruments	501,315	494,599
	691,326	684,610

The geographical distribution of investments at FVTOCI and FVTPL.	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
United Arab Emirates	804,441	814,815
Kingdom of Saudi Arabia	206,874	176,712
Other countries	255,430	243,672
	1,266,745	1,235,199

8 INVESTMENT IN AN ASSOCIATE

Investment in an associate company represents 25.43% (2017: 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, 2017 based on the management accounts as at December 31, 2017. Considering the continuous fall in the rate of the Sudanese pound against the UAE dirham, the management has prudently decided to incorporate the effect of change due to this decline in the interim condensed financial statements.

The following table summarizes the investment in Berber Cement Company Ltd:	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Opening balance	256,790	74,339
Add: Foreign exchange translation reserve*	(158,025)	361,064
Add: Share of profit/(loss) in associate**	-	(178,613)
	98,765	256,790

*Represents the impact of devaluation of the Sudanese pound in January 2018 on account of the Sudan Government's decision to devalue the Sudanese pound against the USD. The rate of translation between Sudanese pound and AED was 1 SDG = AED 0.20 on March 31, 2018 as against 1SDG = AED 0.52 as on December 31, 2017.

**As per the management practice, the share in profit/ (loss) of associate for the quarter ended March 31, 2018 is not incorporated in these interim condensed financial statements. The share in the profit /(loss) of associate shall be incorporated at year end in the financial statement for 2018 as per consistent policy.

9 LOAN RECEIVABLE FROM ASSOCIATE

This amount represents AED denominated loan given to Associate and is recoverable in ten instalments over a period of five years beginning from December 2014. The interest rate on this loan is charged at the rate of 5.85% per annum. The management is confident on the loan's recovery and does not expect any loss in future and hence has decided that there is no need of any impairment.

10 INVENTORIES

	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Raw materials	17,054	10,110
Work in progress	27,013	24,501
Finished goods	2,113	2,975
Consumable and spare parts	20,909	22,110
	67,089	59,696

11 TRADE AND OTHER RECEIVABLES

	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Trade receivables	86,437	78,922
Allowance for doubtful debts	(3,600)	(3,600)
	82,837	75,322
Advances and other receivables	15,078	12,028
Prepayments and other receivables	3,831	647
	101,746	87,997

12 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 March 31, 2018 AED'000	Audited December 31, 2017 AED'000
With Other related parties:		
Sale of cement	7,973	6,705
Purchase of materials and services	1,973	2,531
With Key Management Personnel:		
Salaries and other short term benefits	913	859
End of service benefits charged	43	43
End of service benefits at period end	5,839	5,665
Directors' fee	1,750	1,750

Related party balances are as under:	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Payables:		
To other related parties	31,089	28,487
To Director	1,750	1,750
Receivables:		
From Associate - others	81,835	84,110
From Associate - short term loan	55,102	55,102
From Associate - long term loan	260,898	260,898
From other related parties	14,382	13,830
From Director	12	-

13 CASH & CASH EQUIVALENTS

	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Cash at hand	957	668
Current accounts with banks	16,406	18,227
	17,363	18,895

14 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 instalments 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 instalments over a period of two years. Please refer note 7 for details of investments pledged against this loan.

3) Loan from the bank with interest rate of 6 months EIBOR +2.95% total amounting to AED 80 million. This loan is obtained by the company for the purpose of working capital. The loan is repayable in one year. Please refer note 7 for details of investments pledged against this loan.

15 TRADE AND OTHER PAYABLES

	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Trade payables	31,916	26,680
Other accruals and payables	23,677	13,432
Advances	719	292
	56,312	40,404

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

16 SHARE CAPITAL

	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Issued and fully paid up:		
358,800,000 shares of AED 1 each	358,800	358,800
	358,800	358,800

17 FAIR VALUE RESERVE

This reserve represents the cumulative changes in fair value of financial assets which is classified as FVTOCI. Movement in fair value reserve is as follows:

	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Opening balance	550,573	504,299
Transfer to retained earning upon reclassification from investments at FVTOCI to FVTPL	4,947	-
Reclassification adjustments on disposal of investments	711	(1,608)
Changes in fair value	23,651	47,882
	579,882	550,573

18 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.

19 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, 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 cease when the statutory reserve equals 50% of the paid-up share capital.

No allocation has been made to the statutory reserve for the three months period ended March 31, 2018 as the reserve equaled 50% of the paid share capital.

20 DIVIDEND

For 2017, a cash dividend of AED 53.82 million (AED 0.15 fils per share) has been proposed and approved by the shareholders of the Company in the Annual General Meeting held on April 22, 2018. In 2016, a dividend of AED 89.7 million (AED 0.25 fils per share) was proposed and approved by the shareholders.

21 SPECIAL RESERVE

Special reserve has been created on the recommendation of the board and on approval by the shareholders in the annual general meeting to take care of any contingencies. Any movement towards transfer, utilization and discontinuation will be subject to approval of the shareholders. Accordingly balance of AED 38.13 million was transferred from this reserve to Retained earnings during the year 2017 representing the accumulated loss from the associate accounted till December 31, 2016.

22 COST OF SALES

	Unaudited Three months period ended March 31, 2018 AED'000	Unaudited Three months period ended March 31, 2017 AED'000
Material expenses	25,487	21,997
Utilities and other factory costs	13,150	14,936
Staff costs	5,589	5,410
Depreciation	3,338	3,434
	47,564	45,777

23 OTHER INCOME

	Unaudited Three months period ended March 31, 2018 AED'000	Unaudited Three months period ended March 31, 2017 AED'000
Rental income from investment properties	938	950
Other rental income	1,279	1,764
Income from sale of by-product and scraps	2,068	1,074
Other income	74	1,589
	4,359	5,377

24 ADMINISTRATION, SELLING AND GENERAL EXPENSES

	Unaudited Three months period ended March 31, 2018 AED'000	Unaudited Three months period ended March 31, 2017 AED'000
Staff salaries and benefits	3,324	3,095
Staff accommodation	792	611
License fees	55	110
Insurance	174	266
Communications	28	31
Repair and maintenance	606	585
Travelling and conveyance expenses	30	26
Legal and professional	175	175
Electricity and water	55	72
Depreciation	396	357
Bank charges	87	127
Other	508	541
	6,230	5,996

25 INCOME FROM INVESTMENTS (NET)

	Unaudited Three months period ended March 31, 2018 AED'000	Unaudited Three months period ended March 31, 2017 AED'000
Interest income	5,050	6,277
Dividend income	24,903	24,925
Profit from investments carried at FVTPL	484	-
	30,437	31,202

26 BASIC AND DILUTED EARNINGS PER SHARE

	Unaudited Three months period ended March 31, 2018 AED'000	Unaudited Three months period ended March 31, 2017 AED'000
Net profit attributable to shareholders	30,316	33,177
Weighted average number of shares	358,800	358,800
Earnings per share	0.08	0.09

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 20.

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 fluctuations arise. The Company is exposed to currency rate risk of 'Sudanese Pound' for their investment in associate 'Berber Cement Company' of Sudan. The Company also undertakes transactions in US Dollar which has been pegged against the United Arab Emirates Dirham ("AED"), hence no exchange risk is considered to exist for US Dollar.

Interest rate risk management

The Company is exposed to interest rate risk on cash at bank (including time deposits), Investment in bonds carried at FVTOCI.

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.

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 March 31, 2018 AED'000**	**Audited December 31, 2017 AED'000**
Financial assets	Valued under IFRS 9	Valued under IAS39
Investments carried at FVTOCI/ Available for sale	1,255,875	1,235,199
Investments carried at FVTPL	8,408	-
Investments carried at FVTPL/ Available for sale	2,462	-
Trade and other receivables	86,437	87,350
Due from related parties	96,229	97,940
Loan to associate	316,000	316,000
Cash & cash equivalents	17,363	18,895
Financial liabilities		
Trade and other payables	56,312	40,404
Due to related parties	32,839	30,237
Bank loans / Overdraft	343,468	367,303

29 CONTINGENT LIABILITIES	Unaudited March 31, 2018 AED'000	Audited December 31, 2017 AED'000
Letters of guarantee	4,659	4,619
Letters of credit	1,502	4,607

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. IFRS 15 and IFRS 9 has been implemented by the company from January 1, 2018. Under the transition method chosen, comparative information is not restated and hence not comparable to that extent.

32 SUBSEQUENT EVENTS

The shareholders approved the proposed dividend of AED 53.82 million (AED 0.15 fils per share) in Annual General Meeting held on April 22, 2018.

Segment report as on March 31, 2018

	Three months period ended March 31, 2018 (Unaudited)			Three months period ended March 31,2017 (Unaudited)		
	Cement	Investment in marketable securities and derivatives	Total	Cement	Investment in marketable securities and derivatives	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Segment revenue	49,327	30,437	79,764	48,941	31,202	80,143
Segment result	1,763	30,437	32,200	3,164	31,202	34,366
Other income	-	-	8,929	-	-	8,608
Unallocated expenses	-	-	(10,813)	-	-	(9,797)
Net profit for the period	-	-	30,316	-	-	33,177
Segment assets	506,418	1,266,745	1,773,163	554,703	1,274,799	1,829,502
Investment in associate	-	-	98,765	-	-	74,339
Other assets	-	-	318,924	-	-	318,924
Total assets	506,418	1,266,745	2,190,852	554,703	1,274,799	2,222,765
Segment liabilities	112,166	-	112,166	105,230	-	105,230
Other liabilities	-	-	343,468	-	-	316,697
Total liabilities	112,166	-	455,634	105,230	-	421,927
Capital expenditure	(3,239)	-	(3,239)	(31,546)	-	(31,546)
Depreciation	3,734	-	3,734	3,791	-	3,791