

GULF CEMENT COMPANY P.S.C.

**Review report and interim financial information
for the period ended 30 June 2013**

GULF CEMENT COMPANY P.S.C.

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**The Board of Directors
Gulf Cement Company P.S.C.
Ras Al Khaimah
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed statement of financial position of **Gulf Cement Company P.S.C., (a Public Shareholding Company) – Ras Al Khaimah, United Arab Emirates**, as at 30 June 2013 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard IAS 34: Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 persons 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, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting.

Deloitte & Touche (M.E.)



Samir Madbak
Registration No. 386
31 July 2013

**Condensed statement of financial position
at 30 June 2013**

		30 June 2013	31 December 2012
		AED	AED
		unaudited	audited
ASSETS			
Non-current assets			
Property, plant and equipment	4	707,399,735	547,783,011
Investment property		8,253,725	8,253,725
Trade and other receivables	5	13,000,000	13,000,000
Investments carried at fair value through other comprehensive income (FVTOCI)	6 (a)	79,209,313	107,635,225
Total non-current assets		807,862,773	676,671,961
Current assets			
Inventories	7	211,641,434	238,533,307
Trade and other receivables	5	200,906,432	209,618,048
Investments carried at fair value through profit or loss (FVTPL)	6 (b)	154,080,854	121,767,283
Cash and cash equivalents	8	81,629,398	125,330,953
Total current assets		648,258,118	695,249,591
Total assets		1,456,120,891	1,371,921,552
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	821,096,820	821,096,820
Reserves	10	471,968,655	471,968,655
Cumulative change in fair value		(116,723,571)	(117,257,133)
Retained earnings		16,822,128	41,927,886
Total equity		1,193,164,032	1,217,736,228
Non-current liabilities			
Provision for employees' end of service indemnity		11,176,397	11,527,790
Borrowings	11	120,971,937	28,207,451
Total non-current liabilities		132,148,334	39,735,241
Current liabilities			
Trade and other payables	12	130,808,525	114,450,083
Total liabilities		262,956,859	154,185,324
Total equity and liabilities		1,456,120,891	1,371,921,552

Omar Saqr Al Qasimi
Chairman

The accompanying notes form an integral part of these condensed financial statements.

GULF CEMENT COMPANY P.S.C.

**Condensed statement of income (unaudited)
for the period ended 30 June 2013**

	Notes	Three month period ended 30 June		Six month period ended 30 June	
		2013 AED	2012 AED	2013 AED	2012 AED
Revenue	13	177,602,707	149,500,519	329,557,077	302,866,200
Cost of sales		(160,169,424)	(146,620,940)	(312,814,047)	(298,237,966)
Gross profit		17,433,283	2,879,579	16,743,030	4,628,234
Other operating income		372,877	45,694	453,229	359,146
Selling, general and administrative expenses		(16,662,518)	(4,381,825)	(27,368,432)	(10,383,757)
Investment income/(loss)	14	22,296,545	(2,551,385)	36,503,811	5,164,864
Share of profit of an associate		-	705,198	-	705,198
Other (loss)/income		(346,457)	431,961	(517,056)	(408,702)
Profit/(loss) for the period		23,093,730	(2,870,778)	25,814,582	64,983
Basic earnings per share	15	0.03	(0.003)	0.03	-

The accompanying notes form an integral part of these condensed financial statements.

GULF CEMENT COMPANY P.S.C.**Condensed statement of comprehensive income (unaudited)
for the period ended 30 June 2013**

	Three month period ended 30 June		Six month period ended 30 June	
	2013	2012	2013	2012
	AED	AED	AED	AED
Profit/(loss) for the period	23,093,730	(2,870,778)	25,814,582	64,983
Other comprehensive income/(loss):				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Loss on disposal of investments carried at FVTOCI	(871,145)	(2,796,352)	(9,865,499)	(29,062,995)
(Decrease)/increase in fair value of investments carried at FVTOCI	(8,974,651)	(11,003,250)	533,562	11,447,194
Total other comprehensive loss	(9,845,796)	(13,799,602)	(9,331,937)	(17,615,801)
Total comprehensive income/(loss) for the period	13,247,934	(16,670,380)	16,482,645	(17,550,818)

The accompanying notes form an integral part of these condensed financial statements.

GULF CEMENT COMPANY P.S.C.

**Condensed statement of changes in equity
for the period ended 30 June 2013**

	Share capital AED	Reserves AED	Cumulative change in fair value AED	Retained earnings AED	Total AED
Balance at 31 December 2011 (audited)	821,096,820	471,968,655	(163,884,290)	108,042,944	1,237,224,129
Profit for the period	-	-	-	64,983	64,983
Other comprehensive loss for the period	-	-	11,447,194	(29,062,995)	(17,615,801)
Total comprehensive loss for the period	-	-	11,447,194	(28,998,012)	(17,550,818)
Balance at 30 June 2012 (unaudited)	821,096,820	471,968,655	(152,437,096)	79,044,932	1,219,673,311
Balance at 31 December 2012 (audited)	821,096,820	471,968,655	(117,257,133)	41,927,886	1,217,736,228
Profit for the period	-	-	-	25,814,582	25,814,582
Other comprehensive loss for the period	-	-	533,562	(9,865,499)	(9,331,937)
Total comprehensive income for the period	-	-	533,562	15,949,083	16,482,645
Dividend paid (Note 16)	-	-	-	(41,054,841)	(41,054,841)
Balance at 30 June 2013 (unaudited)	821,096,820	471,968,655	(116,723,571)	16,822,128	1,193,164,032

The accompanying notes form an integral part of these condensed financial statements.

GULF CEMENT COMPANY P.S.C.**Condensed statement of cash flows (unaudited)
for the period ended 30 June 2013**

	Six month period ended 30 June	
	2013	2012
	AED	AED
Cash flows from operating activities		
Profit for the period	25,814,582	64,983
Adjustments for:		
Depreciation of property, plant and equipment	19,441,450	17,834,270
Loss on disposal of property, plant and equipment	89,266	1,411,628
Provision for employees' end of service indemnity	622,406	825,000
Share of profit of an associate	-	(705,198)
Unrealised gain on investments at FVTPL	(31,275,690)	(60,197,919)
Loss on disposal of investments in securities	2,542,283	66,418,359
Interest and dividend revenue	(7,770,404)	(11,385,304)
	<hr/>	<hr/>
Operating cash flows before changes in operating assets and liabilities	9,463,893	14,265,819
Decrease/(increase) in trade and other receivables	8,711,616	(13,874,793)
Decrease in inventories	26,891,873	5,876,937
Increase in trade and other payables	10,826,807	2,038,256
Decrease in due to a related party	-	(67,957)
	<hr/>	<hr/>
Cash generated from operations	55,894,189	8,238,262
Employees' end of service indemnity paid	(973,799)	(669,991)
	<hr/>	<hr/>
Net cash generated from operating activities	54,920,390	7,568,271
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(179,147,440)	(34,646,493)
Proceeds from disposal of property, plant and equipment	-	2,772,491
Purchase of investments at FVTPL	(16,431,633)	(19,043,687)
Purchase of investments carried at FVTOCI	-	(1,827,668)
Proceeds on disposal of investments in securities	31,945,444	85,091,434
Dividends received	7,686,602	11,260,773
Interest received	83,802	124,531
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(155,863,225)	43,731,381
	<hr/>	<hr/>
Cash flows from financing activities		
Net movement in the borrowings	92,764,486	-
Dividends paid	(35,523,206)	(872,639)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	57,241,280	(872,639)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents during the period	(43,701,555)	50,427,013
Cash and cash equivalents at the beginning of the period	125,330,953	64,973,119
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period (Note 8)	81,629,398	115,400,132
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these condensed financial statements.

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements for the period ended 30 June 2013

1. General

Gulf Cement Company P.S.C. (a Public Shareholding Company), Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 24/77 issued by His Highness, The Ruler of Ras Al Khaimah, U.A.E., in 1977. The address of the Company's registered office is P. O. Box 5295 Ras Al Khaimah, United Arab Emirates.

The principal activities of the Company are production and marketing of all types of cement.

2. New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted:

The Company has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • Amendments to IAS 32 <i>Financial Instruments: Presentation</i> relating to application guidance on the offsetting of financial assets and financial liabilities. 	1 January 2014
<ul style="list-style-type: none"> • Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities <p>On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. The amendments establish an exception to IFRS 10's general consolidation principle for investment entities, requiring them to "measure particular subsidiaries at fair value through profit or loss, rather than consolidate them." In addition, the amendments outline required disclosures for reporting entities that meet the definition of an investment entity.</p>	1 January 2014
<ul style="list-style-type: none"> • Amendments to IAS 36 Impairment of Assets: The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to period in which an impairment loss has been recognized or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. 	1 January 2014
<ul style="list-style-type: none"> • IFRIC 21 – Levies: Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs. 	1 January 2014

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****2. New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted: (continued)**

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2014 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the financial statements of the Company in the period of initial application.

3. Summary of significant accounting policies**3.1 Basis of preparation**

These condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) No. 34, "*Interim Financial Reporting*" and also comply with the applicable requirements of the laws in the U.A.E.

The condensed financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Company's transactions are denominated.

These condensed financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and investment property.

The accounting policies, presentation and methods in these condensed financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2012.

These condensed financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's audited annual financial statements as at and for the year ended 31 December 2012. In addition, results for the six month period ended 30 June 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to property, plant and equipment, investments in securities and investment property have been disclosed in the condensed financial statements.

3.2 Property, plant and equipment

Property, plant and equipment, except properties under construction, are stated at their cost, less any subsequent accumulated depreciation and any subsequent identified impairment losses.

Properties in the course of construction for production, administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements for the period ended 30 June 2013 (continued)

3. Summary of significant accounting policies (continued)

3.2 Property, plant and equipment (continued)

The following useful lives are used in the calculation of depreciation:

	<u>Years</u>
Building and roads	27 – 35
Plant and machinery	5 – 15
Power station	10
Vehicles and equipment	2 – 5
New clinker production line	20 – 30
IT computer & hardware	3

3.3 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the end of reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss.

Investment property is located in U.A.E.

3.4 Investments in securities

Financial assets at FVTPL

Investments in equity instruments are mandatorily classified as at FVTPL, unless the Company designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue.

Financial assets at FVTOCI

At initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****3. Summary of significant accounting policies (continued)****3.4 Investments in securities (continued)***Financial assets at FVTOCI (continued)*

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the cumulative changes in fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established in accordance with IAS 18 Revenue, unless the dividends clearly represent a recovery of part of the cost of the investment.

4. Property, plant and equipment

During the period, additions to property, plant and equipment amounted to AED 179,147,440 (six months ended 30 June 2012: AED 34,646,493) and depreciation for the six months ended 30 June 2013 amounted to AED 19,441,450 (six months ended 30 June 2012: AED 17,834,270).

At 30 June 2013 the cost of fully depreciated property, plant and equipment that was still in use amounted to AED 252,385,587 (31 December 2012: AED 246,214,252).

The factory and its related buildings are constructed on plots of land leased from the Government of Ras Al Khaimah renewable on annual basis.

All property, plant and equipment are located in U.A.E.

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****5. Trade and other receivables**

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Trade receivables	157,380,368	174,689,950
Other receivables	40,526,064	31,928,098
Receivable from sale of an associate	16,000,000	16,000,000
	<hr/>	<hr/>
	213,906,432	222,618,048
Receivable from sale of an associate due after one year	(13,000,000)	(13,000,000)
	<hr/>	<hr/>
	200,906,432	209,618,048
	<hr/> <hr/>	<hr/> <hr/>

The credit risk associated with the Company's trade receivable is considered limited as the Company holds receivables amounting to AED 131,081,645 (31 December 2012: AED 134,263,633) fully covered by unconditional bank guarantees from the customers to secure the collectability of these trade receivables.

6. Investments in securities**a) Investments carried at fair value through other comprehensive income (FVTOCI)**

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Quoted	25,508,248	47,934,160
Unquoted	53,701,065	59,701,065
	<hr/>	<hr/>
	79,209,313	107,635,225
	<hr/> <hr/>	<hr/> <hr/>
In U.A.E.	49,623,360	55,623,363
In other GCC countries	29,585,953	52,011,862
	<hr/>	<hr/>
	79,209,313	107,635,225
	<hr/> <hr/>	<hr/> <hr/>

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****6. Investments in securities (continued)****b) Investments carried at fair value through profit or loss (FVTPL)**

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Quoted	154,080,854	121,767,283
In U.A.E.	78,196,940	55,490,482
In other GCC countries	75,883,914	66,276,801
	154,080,854	121,767,283

7. Inventories

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Finished goods	6,464,517	7,331,767
Raw materials	12,958,059	8,140,309
Work in progress	21,597,638	28,917,410
Bags, fuel and lubricants	10,167,757	40,460,965
	51,187,971	84,850,451
Spare parts - maintenance department	154,508,829	149,760,095
Consumable items	23,841,522	21,834,564
Tools	304,933	290,018
	178,655,284	171,884,677
Allowance for slow-moving inventories	(18,201,821)	(18,201,821)
	160,453,463	153,682,856
	211,641,434	238,533,307

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****8. Cash and cash equivalents**

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Cash on hand	333,544	210,521
Bank balances:		
Current accounts	39,184,986	33,718,333
Call deposits	31,841,197	31,053,586
Short term deposits	10,269,671	60,348,513
	81,295,854	125,120,432
	81,629,398	125,330,953
Bank balances		
In U.A.E.	77,126,591	116,420,679
In other GCC countries	4,169,263	8,699,753
	81,295,854	125,120,432

9. Share capital

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Issued and fully paid:		
821,096,820 ordinary shares of AED 1 each	821,096,820	821,096,820

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****10. Reserves**

According to article 42 of the Company's Articles of Association and the requirements of the U.A.E. Federal Commercial Companies Law No 8 of 1984, as amended, 10% of the annual profit is transferred to the statutory reserve and another 10% to the voluntary reserve. The transfer to statutory reserve may be suspended when it reaches 50% of the paid-up share capital. Statutory reserve is not available for distribution except as stipulated by the Law. The transfer to voluntary reserve may be suspended by the ordinary general assembly at the recommendation of the Board of Directors or when it reaches 20% of the Company's paid-up share capital.

	Statutory reserve AED	Voluntary reserve AED	Total AED
Balance at 31 December 2011 (Audited)	335,332,153	136,636,502	471,968,655
Movement during the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2012 (Unaudited)	335,332,153	136,636,502	471,968,655
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2012 (Audited)	335,332,153	136,636,502	471,968,655
Movement during the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance 30 June 2013 (Unaudited)	335,332,153	136,636,502	471,968,655
	<hr/>	<hr/>	<hr/>

11. Borrowings

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Term loan	120,971,937	28,207,451
	<hr/>	<hr/>

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****11. Borrowings (continued)**

The borrowings are repayable as follows:

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
In the second year	31,273,479	20,848,986
In the third to fifth year	83,395,944	7,358,465
After fifth year	6,302,514	-
	<hr/> 120,971,937 <hr/>	<hr/> 28,207,451 <hr/>
Instalments due after twelve months from the reporting date (shown as non-current liabilities)	<hr/> 120,971,937 <hr/>	<hr/> 28,207,451 <hr/>

During 2012, the Company entered into a finance lease agreement for AED 190 million with a leasing company registered in the United Arab Emirates to finance the purchase of property, plant and equipment. The repayment will commence from August 2014. The draw down against the lease agreement at the reporting date was AED 120.9 million (2012: AED 28.2 million).

12. Trade and other payables

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Trade payables	71,627,953	67,120,022
Dividend payable	22,774,660	17,243,025
Accrued expenses	32,704,412	28,980,415
Other payables	3,701,500	1,106,621
	<hr/> 130,808,525 <hr/>	<hr/> 114,450,083 <hr/>

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****13. Revenue**

An analysis of the Company's revenue is as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2013 AED Unaudited	2012 AED Unaudited	2013 AED Unaudited	2012 AED Unaudited
Local sales	47,433,356	67,983,483	103,000,128	135,158,432
Export sales	130,169,351	81,517,036	226,556,949	167,707,768
	177,602,707	149,500,519	329,557,077	302,866,200

14. Investment income/(loss)

	Three month period ended 30 June		Six month period ended 30 June	
	2013 AED Unaudited	2012 AED Unaudited	2013 AED Unaudited	2012 AED Unaudited
Unrealised gain/(loss) on investments at FVTPL	16,846,124	(11,977,838)	31,275,690	60,197,919
Loss on disposal of investments in securities	(1,593,912)	(321,306)	(2,542,283)	(66,418,359)
Dividends income	6,980,137	9,660,310	7,686,602	11,260,773
Interest income	64,196	87,449	83,802	124,531
	22,296,545	(2,551,385)	36,503,811	5,164,864

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****15. Basic earnings per share**

	Three month period ended		Six month period ended	
	2013	30 June	2013	30 June
	Unaudited)	Unaudited	Unaudited	Unaudited
Profit/(loss) for the period (in AED)	23,093,730	(2,870,778)	25,814,582	64,983
Number of shares	821,096,820	821,096,820	821,096,820	821,096,820
Basic earnings per share (in AED)	0.03	(0.003)	0.03	-

16. Dividends

At the annual general meeting held on 3 April 2013 the shareholders approved cash dividend at 5% of the Share capital amounting to AED 41 million for 2012 (2012: Nil for the year 2011).

17. Related party transactions

During the period, the Company entered into the following transactions with related parties:

	Three month period ended		Six month period ended	
	2013	30 June	2013	30 June
	AED	AED	AED	AED
	Unaudited	Unaudited	Unaudited	Unaudited
Board of Directors' fee and allowances	454,520	334,820	801,920	526,220
Rent expenses	-	88,000	-	176,000
Purchase of water	-	678,248	-	1,073,392

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****18. Contingent liabilities and commitments**

	30 June 2013 AED Unaudited	31 December 2012 AED Audited
Letters of credit	1,986,484	104,832,798
Letters of guarantee	200,000	200,000
Commitments for the acquisition of property, plant and equipment	-	41,142,643

19. Segment information

The Company is organised into two main business segments:

Manufacturing of all types of cement and investments incorporating investments in marketable equity securities, deposits with banks and investment properties.

**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)**

19. Segment information (continued)

	<u>Six month period ended 30 June 2013</u>			<u>Six month period ended 30 June 2012</u>		
	<u>Manufacturing</u> AED Unaudited	<u>Investments</u> AED Unaudited	<u>Total</u> AED Unaudited	<u>Manufacturing</u> AED Unaudited	<u>Investments</u> AED Unaudited	<u>Total</u> AED Unaudited
Segment revenue	329,557,077	-	329,557,077	302,866,200	-	302,866,200
Segment result	(10,689,229)	36,503,811	25,814,582	(5,805,079)	5,870,062	64,983
	<u>30 June 2013</u>			<u>31 December 2012</u>		
	<u>Manufacturing</u> AED Unaudited	<u>Investments</u> AED Unaudited	<u>Total</u> AED Unaudited	<u>Manufacturing</u> AED Audited	<u>Investments</u> AED Audited	<u>Total</u> AED Audited
Segment assets	1,119,947,601	296,654,760	1,416,602,361	995,934,366	342,058,332	1,337,992,698
Unallocated assets	-	-	39,518,530	-	-	33,928,854
Total assets	1,119,947,601	296,654,760	1,456,120,891	995,934,366	342,058,332	1,371,921,552
Segment liabilities	262,956,859	-	262,956,859	154,185,324	-	154,185,324

There are no transactions between the business segments.

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the period ended 30 June 2013 (continued)****20. Comparative amounts**

The following balances in the condensed statement of income for the six month period ended 30 June 2012 have been reclassified to conform to the period ended 30 June 2013 presentation:

	As previously reported for the six month period ended 30 June 2012 AED Unaudited	Reclassification AED	As restated for the six month period ended 30 June 2012 AED Unaudited
Cost of sales	302,786,499	(4,548,533)	298,237,966
Selling, general and administrative expenses	5,835,224	4,548,533	10,383,757

There was no impact on the cash flows or reported profit for the comparative period due to the above reclassification.

21. Seasonality of results

No income of seasonal nature was recorded in the condensed statement of income for the six month period ended 30 June 2013 and 2012.

22. Approval of condensed financial statements

The condensed financial statements were approved by the Chairman of the Board of Directors and authorised for issue on 31 July 2013.