GULF CEMENT COMPANY P.S.C.

Review report and interim financial information
for the six months period ended 30 June 2014

GULF CEMENT COMPANY P.S.C.

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Deloitte.

Deloitte & Touche (M.E.)
701 Corniche Plaza 2
P.O. Box 5470
Sharjah, United Arab Emirates

Tel: +971 (0) 6 574 1052
Fax: +971 (0) 6 574 1053
www.deloitte.com

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) "the Company" - Ras Al Khaimah, United Arab Emirates,** as at 30 June 2014 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. 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 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
13 August 2014

GULF CEMENT COMPANY P.S.C.

Condensed statement of financial position
at 30 June 2014

	Notes	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
ASSETS			
Non current assets			
Property, plant and equipment	4	758,370,678	758,608,232
Investment property		8,253,725	8,253,725
Trade and other receivables	5	9,500,000	9,500,000
Investments carried at fair value through other comprehensive income (FVTOCI)	6 (a)	64,510,489	76,651,372
Total non current assets		840,634,892	853,013,329
Current assets			
Inventories	7	243,455,291	254,086,744
Trade and other receivables	5	140,865,329	156,430,775
Investments carried at fair value through profit or or loss (FVTPL)	6 (b)	209,834,235	180,229,318
Cash and cash equivalents	8	82,245,419	68,780,023
Total current assets		676,400,274	659,526,860
Total assets		1,517,035,166	1,512,540,189
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	821,096,820	821,096,820
Reserves	10	485,672,057	485,672,057
Cumulative changes in fair value - FVTOCI		(131,931,626)	(119,273,945)
Retained earnings		47,184,579	45,820,590
Total equity		1,222,021,830	1,233,315,522
Non-current liabilities			
Provision for employees' end of service indemnity		11,447,060	11,170,257
Finance lease liability	11	121,032,788	134,895,913
Total non-current liabilities		132,479,848	146,066,170
Current liabilities			
Finance lease liability	11	25,269,162	11,406,037
Trade and other payables	12	137,264,326	121,752,460
Total current liabilities		162,533,488	133,158,497
Total liabilities		295,013,336	279,224,667
Total equity and liabilities		1,517,035,166	1,512,540,189

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 six months period ended 30 June 2014

	Notes	Three months period ended 30 June		Six months period ended 30 June	
		2014	2013	**2014**	2013
		AED	AED	**AED**	AED
Revenue	**13**	**183,692,828**	177,602,707	**388,404,910**	329,557,077
Cost of sales		**(146,657,909)**	(160,169,424)	**(321,371,396)**	(312,814,047)
Gross profit		**37,034,919**	17,433,283	**67,033,514**	16,743,030
Other operating income		**268,599**	372,877	**1,090,736**	453,229
Selling, general and administrative expenses		**(11,856,761)**	(16,662,518)	**(31,361,986)**	(27,368,432)
Investment (loss)/income	**14**	**(34,707,687)**	22,296,545	**6,977,826**	36,503,811
Other expenses		**(31,771)**	(346,457)	**(21,260)**	(517,056)
(Loss)/profit for the period		**(9,292,701)**	23,093,730	**43,718,830**	25,814,582
Basic (loss)/earnings per share	**15**	**(0.01)**	0.03	**0.05**	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 six months period ended 30 June 2014

	Three months period ended 30 June		Six months period ended 30 June	
	2014	2013	**2014**	2013
	AED	AED	**AED**	AED
(Loss)/profit for the period	**(9,292,701)**	23,093,730	**43,718,830**	25,814,582
Other comprehensive loss:				
Items that will not be reclassified subsequently to profit or loss:				
Loss on disposal of investments carried at FVTOCI	**-**	(871,145)	**-**	(9,865,499)
(Decrease)/increase in fair value of investments carried at FVTOCI	**(2,423,491)**	(8,974,651)	**(12,657,681)**	533,562
Board of Directors' remuneration	**-**	-	**(1,300,000)**	-
Total other comprehensive loss	**(2,423,491)**	(9,845,796)	**(13,957,681)**	(9,331,937)
Total comprehensive (loss)/income for the period	**(11,716,192)**	13,247,934	**29,761,149**	16,482,645

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 six months period ended 30 June 2014

	Share capital AED	Reserves AED	Cumulative change in fair value AED	Retained earnings AED	Total AED
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
Balance at 31 December 2013 (audited)	821,096,820	485,672,057	(119,273,945)	45,820,590	1,233,315,522
Profit for the period	-	-	-	43,718,830	43,718,830
Other comprehensive loss for the period	-	-	(12,657,681)	(1,300,000)	(13,957,681)
Total comprehensive income for the period	-	-	(12,657,681)	42,418,830	29,761,149
Dividend paid (Note 16)	-	-	-	(41,054,841)	(41,054,841)
Balance at 30 June 2014 (unaudited)	**821,096,820**	**485,672,057**	**(131,931,626)**	**47,184,579**	**1,222,021,830**

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 six months period ended 30 June 2014

	Six months period ended 30 June **2014** AED	2013 AED
Cash flows from operating activities		
Profit for the period	**43,718,830**	25,814,582
Adjustments for:		
Depreciation of property, plant and equipment	**26,196,024**	19,441,450
Loss on disposal of property, plant and equipment	**-**	89,266
Bad debts written off	**2,856,765**	-
Provision for employees' end of service indemnity	**450,000**	622,406
Unrealised loss/(gain) on investments at FVTPL	**512,502**	(31,275,690)
Loss on disposal of investments in securities	**101,303**	2,542,283
Interest and dividend revenue	**(7,591,631)**	(7,770,404)
Operating cash flows before changes in operating assets and liabilities	**66,243,793**	9,463,893
Decrease in trade and other receivables	**12,708,681**	8,711,616
Decrease in inventories	**10,631,453**	26,891,873
Increase in trade and other payables	**11,963,973**	10,826,807
Cash generated from operations	**101,547,900**	55,894,189
Employees' end of service indemnity paid	**(173,197)**	(973,799)
Net cash generated from operating activities	**101,374,703**	54,920,390
Cash flows from investing activities		
Purchase of property, plant and equipment	**(25,958,470)**	(179,147,440)
Purchase of investments at FVTPL	**(39,328,225)**	(16,431,633)
Purchase of investments carried at FVTOCI	**(516,798)**	-
Proceeds on disposal of investments in securities	**9,109,503**	31,945,444
Dividends received	**7,131,234**	7,686,602
Interest received	**460,397**	83,802
Net cash used in investing activities	**(49,102,359)**	(155,863,225)
Cash flows from financing activities		
Board of Directors remuneration paid	**(1,300,000)**	-
Net movement in the borrowings	**-**	92,764,486
Dividends paid	**(37,506,948)**	(35,523,206)
Net cash (used in)/generated from financing activities	**(38,806,948)**	57,241,280
Net increase/(decrease) in cash and cash equivalents during the period	**13,465,396**	(43,701,555)
Cash and cash equivalents at the beginning of the period	**68,780,023**	125,330,953
Cash and cash equivalents at the end of the period (Note 8)	**82,245,419**	81,629,398

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

1. General information

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. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the condensed financial statements

The following new and revised IFRSs have been adopted in these condensed financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities.	1 January 2014
• Amendments to IAS 36 recoverable amount disclosures The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the 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
• Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met.	1 January 2014
• 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

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.1 New and revised IFRSs applied with no material effect on the condensed financial statements (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities. 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.	1 January 2014

2.2 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
• Amendments to IAS 19 *Employee Benefits* clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014
• Annual Improvements to IFRSs 2010 - 2012 Cycle ▪ IFRS 2 Share Based Payments - definition of 'vesting condition'. ▪ IFRS 3 Business Combinations - accounting for contingent consideration. ▪ IFRS 8 Operating Segments - aggregation of segments, reconciliation of segment assets. ▪ IAS 16 Property Plant and Equipment - proportionate restatement of accumulated depreciation on revaluation. ▪ IAS 24 Related Party Disclosures - management entities. ▪ IAS 38 Intangible Assets - proportionate restatement of accumulated amortization on revaluation.	1 July 2014

2. Application of new and revised International Financial Reporting Standards ("IFRSs") (continued)

2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
• Annual Improvements to IFRSs 2011 - 2013 Cycle ▪ IFRS 1 First Time Adoption of International Financial Reporting Standards - meaning of effective IFRSs. ▪ IFRS 3 Business Combinations - scope exception for joint ventures. ▪ IFRS 13 Fair Value Measurement - scope of the portfolio exception. ▪ IAS 40 Investment Property - interrelationship between IFRS 3 and IAS 40.	1 July 2014
• Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• IFRS *15 Revenue from Contracts with Customers* IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes current revenue recognition guidance including IAS 18 *Revenue,* IAS 11 *Construction Contracts* and related interpretations.	1 January 2017
• Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2015 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"* issued by the International Accounting Standards Board 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 2013.

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 2013. In addition, results for the six months period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to property, plant and equipment, investment property and investments in securities 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 accumulated depreciation and any 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.

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:

	Years
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 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 Financial assets at FVTPL

Investments in equity instruments are 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.

3.5 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.

3. Summary of significant accounting policies (continued)

3.5 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 the 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 25,958,470 (six months ended 30 June 2013: AED 179,147,440) and depreciation for the six months ended 30 June 2014 amounted to AED 26,196,024 (six months ended 30 June 2013: AED 19,441,450).

At 30 June 2014 the cost of fully depreciated property, plant and equipment that was still in use amounted to AED 252,760,587 (31 December 2013: AED 252,385,587).

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.

5. Trade and other receivables

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Trade receivables	**109,612,901**	115,392,474
Other receivables	**31,252,428**	37,538,301
Receivable from sale of an associate	**9,500,000**	13,000,000
	150,365,329	165,930,775
Receivable from sale of an associate due after one year	**(9,500,000)**	(9,500,000)
	140,865,329	156,430,775

The credit risk associated with the Company's trade receivable is considered limited as the Company holds trade receivables amounting to AED 81,964,077 (31 December 2013: AED 82,085,060) fully covered by unconditional bank guarantees from the customers to secure the collectibility of these trade receivables.

6. Investments in securities

a) Investments carried at fair value through other comprehensive income (FVTOCI)

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Quoted – at fair value	**24,809,424**	26,950,307
Unquoted – at fair value	**39,701,065**	49,701,065
	64,510,489	76,651,372
In U.A.E.	**35,623,360**	45,623,373
In other GCC countries	**28,887,129**	31,027,999
	64,510,489	76,651,372

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements
for the six months period ended 30 June 2014 (continued)

6. Investments in securities (continued)

b) Investments carried at fair value through profit or loss (FVTPL)

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Quoted	**209,834,235**	180,229,318
In U.A.E.	**139,750,798**	110,095,774
In other GCC countries	**70,083,437**	70,133,544
	209,834,235	180,229,318

7. Inventories

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Finished goods	**6,316,734**	8,733,760
Raw materials	**25,681,157**	19,708,702
Work in progress	**5,128,613**	35,554,503
Bags, fuel and lubricants	**48,432,367**	34,009,924
	85,558,871	98,006,889
Spare parts - maintenance department	**151,485,464**	152,717,400
Consumable items	**24,276,841**	21,276,699
Tools	**335,935**	287,577
	176,098,240	174,281,676
Allowance for slow-moving inventories	**(18,201,820)**	(18,201,821)
	157,896,420	156,079,855
	243,455,291	254,086,744

8. Cash and cash equivalents

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Cash on hand	**167,621**	260,530
Bank balances:		
Current accounts	**11,038,664**	64,682,618
Call deposits	**17,948,556**	3,836,875
Short term deposits	**53,090,578**	-
	82,077,798	68,519,493
	82,245,419	68,780,023
Bank balances		
In U.A.E.	**76,350,480**	66,303,618
In other GCC countries	**5,727,318**	2,215,875
	82,077,798	68,519,493

9. Share capital

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Issued and fully paid:		
821,096,820 ordinary shares of AED 1 each	**821,096,820**	821,096,820

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 profit of each year 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 2012 (audited)	335,332,153	136,636,502	471,968,655
Movement during the period	-	-	-
Balance at 30 June 2013 (unaudited)	335,332,153	136,636,502	471,968,655
Balance at 31 December 2013 (audited)	342,183,854	143,488,203	485,672,057
Movement during the period	-	-	-
Balance at 30 June 2014 (unaudited)	**342,183,854**	**143,488,203**	**485,672,057**

11. Finance lease liability

During 2012, the Company entered into a sale and lease back arrangement with a leasing company registered in the United Arab Emirates to finance the purchase and installation of a waste heat recovery plant. The finance charges are based on 3 months LIBOR plus a margin of 2.5% per annum. The lease is repayable on quarterly instalments over the term of the lease of five years with the first instalment due on 1 August 2014. At the reporting date, the Company has utilized AED 146,301,950 (31 December 2013: AED 146,301,950) out of available lease facility of AED 192,500,000.

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements
for the six months period ended 30 June 2014 (continued)

11. Finance lease liability (continued)

The payments due under leasing arrangement are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED	**30 June 2014 (unaudited) AED**	31 December 2013 (audited) AED
Due within one year	**28,909,914**	13,140,870	**25,269,162**	11,406,037
Due in the second through fifth year	**126,152,352**	126,152,352	**118,419,866**	116,721,272
Due after five years	**2,631,848**	18,400,892	**2,612,922**	18,174,641
	157,694,114	157,694,114	**146,301,950**	146,301,950
Less: Embedded future finance costs	**(11,392,164)**	(11,392,164)	**-**	-
	146,301,950	146,301,950	**146,301,950**	146,301,950

Included in the condensed statement of financial position as follows:

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Current portion of finance lease liability	**25,269,162**	11,406,037
Non-current portion of finance lease liability	**121,032,788**	134,895,913
	146,301,950	146,301,950

12. Trade and other payables

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Trade payables	**53,231,536**	53,337,348
Dividends payable	**23,971,411**	20,423,518
Accrued expenses	**46,282,631**	42,700,657
Other payables	**13,778,748**	5,290,937
	137,264,326	121,752,460

13. Revenue

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

	Three months period ended 30 June		Six months period ended 30 June	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Local sales	**31,897,845**	47,433,356	**71,028,144**	103,000,128
Export sales	**151,794,983**	130,169,351	**317,376,766**	226,556,949
	183,692,828	177,602,707	**388,404,910**	329,557,077

14. Investment (loss)/income

	Three months period ended 30 June		Six months period ended 30 June	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Unrealised (loss)/gain on investments at FVTPL	**(40,517,637)**	16,846,124	**(512,502)**	31,275,690
Gain/(loss) on disposal of investments in securities	**477,046**	(1,593,912)	**(101,303)**	(2,542,283)
Dividends income	**4,905,071**	6,980,137	**7,131,234**	7,686,602
Interest income	**427,833**	64,196	**460,397**	83,802
	(34,707,687)	22,296,545	**6,977,826**	36,503,811

15. Basic (loss)/earnings per share

	Three months period ended 30 June		Six months period ended 30 June	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
(Loss)/profit for the period (in AED)	**(9,292,701)**	23,093,730	**43,718,830**	25,814,582
Number of shares	**821,096,820**	821,096,820	**821,096,820**	821,096,820
Basic (loss)/earnings per share (in AED)	**(0.01)**	0.03	**0.05**	0.03

16. Dividends

At their annual general meeting held on 27 March 2014, the shareholders approved the payment of cash dividend at 5% of the Share capital amounting to AED 41.1 million for 2013 (2013: approved cash dividend at 5% of share capital amounting to AED 41.1 million for the year 2012).

17. Related party transactions

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

	Three months period ended 30 June		**Six months period ended 30 June**	
	2014 (unaudited) AED	2013 (unaudited) AED	**2014 (unaudited) AED**	2013 (unaudited) AED
Board of Directors' fees and allowances	**204,450**	454,520	**574,900**	347,400
Board of Directors' remuneration	**-**	-	**1,300,000**	-

18. Contingent liabilities and commitments

	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED
Letters of credit	**3,235,709**	1,925,829
Letters of guarantee	**200,000**	200,000
Commitments for the acquisition of property, plant and equipment	**-**	1,500,000

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 six months period ended 30 June 2014 (continued)

19. Segment information (continued)

	Six months period ended 30 June 2014			Six months period ended 30 June 2013		
	Manufacturing (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Manufacturing (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	**388,404,910**	**-**	**388,404,910**	329,557,077	-	329,557,077
Segment result	**36,741,004**	**6,977,826**	**43,718,830**	(10,689,229)	36,503,811	25,814,582

	30 June 2014			31 December 2013		
	Manufacturing (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Manufacturing (audited) AED	Investments (audited) AED	Total (audited) AED
Segment assets	**1,142,691,298**	**363,137,583**	**1,505,828,881**	1,169,125,751	278,471,290	1,447,597,041
Unallocated assets			**11,206,285**			64,943,148
Total assets			**1,517,035,166**			1,512,540,189
Segment liabilities	**295,013,336**	**-**	**295,013,336**	279,224,667	-	279,224,667

There are no transactions between the business segments.

20. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual financial statements for the year ended 31 December 2013.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2014 (unaudited):

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTPL	209,834,235	-	-	209,834,235
FVTOCI				
Quoted equities	24,809,424	-	-	24,809,424
Unquoted equities	-	-	39,701,065	39,701,065
	234,643,659	**-**	**39,701,065**	**274,344,724**

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Notes to the condensed financial statements
for the six months period ended 30 June 2014 (continued)

20. Fair value measurement (continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

31 December 2013 (audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTPL	180,229,318	-	-	180,229,318
FVTOCI				
Quoted equities	26,950,307	-	-	26,950,307
Unquoted equities	-	-	49,701,065	49,701,065
	207,179,625	-	49,701,065	256,880,690

There were no transfers between the levels during the year. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

Reconciliation of movements in level 3 financial assets measured at fair values:

	Six months period ended 30 June 2014 AED (unaudited)	Year ended 31 December 2013 AED (audited)
Balance at the beginning of the period/year	**49,701,065**	59,701,065
Change in fair value	**(10,000,000)**	(10,000,000)
Balance at the end of the period/year	**39,701,065**	49,701,065

21. Seasonality of results

Investment income includes dividend income of AED 7,131,234 for the six months period ended 30 June 2014 (Six months period ended 30 June 2013: AED 7,686,602), which is of a seasonal nature.

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 13 August 2014.