

GULF CEMENT COMPANY P.S.C.

**Review report and interim financial information
for the six months period ended 30 June 2015**

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) “the Company” - Ras Al Khaimah, United Arab Emirates**, as at 30 June 2015 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
30 July 2015

GULF CEMENT COMPANY P.S.C.

Condensed statement of financial position
at 30 June 2015

	Notes	30 June 2015 AED (unaudited)	31 December 2014 AED (audited)
ASSETS			
Non current assets			
Property, plant and equipment	4	737,756,788	746,560,039
Investment property		8,253,725	8,253,725
Trade and other receivables	5	6,000,000	6,000,000
Investments carried at fair value through other comprehensive income (FVTOCI)	6	54,748,412	45,977,001
Total non current assets		806,758,925	806,790,765
Current assets			
Inventories	7	229,678,879	249,348,502
Trade and other receivables	5	160,302,497	150,053,684
Investments carried at fair value through profit or loss (FVTPL)	6	88,430,706	193,591,658
Cash and cash equivalents	8	179,440,225	119,135,725
Total current assets		657,852,307	712,129,569
Total assets		1,464,611,232	1,518,920,334
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	821,096,820	821,096,820
Reserves	10	487,786,567	497,786,567
Cumulative change in fair value - FVTOCI		(153,117,996)	(150,465,114)
Retained earnings		34,597,620	51,923,788
Total equity		1,190,363,011	1,220,342,061
Non-current liabilities			
Provision for employees' end of service indemnity		11,304,813	11,174,228
Finance lease liability	11	90,158,624	104,489,917
Total non-current liabilities		101,463,437	115,664,145
Current liabilities			
Finance lease liability	11	28,434,998	28,065,887
Trade and other payables	12	144,349,786	154,848,241
Total current liabilities		172,784,784	182,914,128
Total liabilities		274,248,221	298,578,273
Total equity and liabilities		1,464,611,232	1,518,920,334



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 2015**

	Notes	Three months period ended 30 June		Six months period ended 30 June	
		2015 AED	2014 AED	2015 AED	2014 AED
Revenue	13	139,708,473	183,692,828	311,661,152	388,404,910
Cost of sales		(116,663,832)	(146,657,909)	(263,767,068)	(321,371,396)
Gross profit		23,044,641	37,034,919	47,894,084	67,033,514
Other operating income		457,599	268,599	766,667	1,090,736
Selling, general and administrative expenses		(10,540,243)	(11,856,761)	(23,021,965)	(31,361,986)
Investment income/(loss)	14	1,401,805	(34,707,687)	3,548,527	6,977,826
Finance cost		(837,002)	-	(1,706,209)	-
Other income/(loss)		2,222,173	(31,771)	3,409,824	(21,260)
Profit/(loss) for the period		15,748,973	(9,292,701)	30,890,928	43,718,830
Basic earnings/(loss) per share	15	0.02	(0.01)	0.04	0.05

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 2015**

	Three months period ended 30 June 2015		Six months period ended 30 June 2015		Six months period ended 30 June 2014	
	AED	AED	AED	AED	AED	AED
Profit/(loss) for the period	15,748,973	(9,292,701)	30,890,928	43,718,830		
Other comprehensive loss:						
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Decrease in fair value of investments carried at FVTOCI	(4,941,880)	(2,423,491)	(2,652,882)	(12,657,681)		
Board of Directors' remuneration	(740,319)	-	(740,319)	(1,300,000)		
Total other comprehensive loss	(5,682,199)	(2,423,491)	(3,393,201)	(13,957,681)		
Total comprehensive income/(loss) for the period	10,066,774	(11,716,192)	27,497,727	29,761,149		

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 2015**

	Share capital	Reserves	Cumulative change in fair value - FVTOCI	Retained earnings	Total
	AED	AED	AED	AED	AED
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 (loss)/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
Balance at 31 December 2014 (audited)	821,096,820	497,786,567	(150,465,114)	51,923,788	1,220,342,061
Profit for the period	-	-	-	30,890,928	30,890,928
Other comprehensive loss for the period	-	-	(2,652,882)	(740,319)	(3,393,201)
Total comprehensive (loss)/ income for the period	-	-	(2,652,882)	30,150,609	27,497,727
Transfer from voluntary reserve (Note 10)	-	(10,000,000)	-	10,000,000	-
Dividend paid (Note 16)	-	-	-	(57,476,777)	(57,476,777)
Balance at 30 June 2015 (unaudited)	821,096,820	487,786,567	(153,117,996)	34,597,620	1,190,363,011

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 2015**

	Six months period ended 30 June	
	2015	2014
	AED	AED
Cash flows from operating activities		
Profit for the period	30,890,928	43,718,830
Adjustments for:		
Depreciation of property, plant and equipment	28,878,005	26,196,024
Bad debts written off	-	2,856,765
Provision for employees' end of service indemnity	450,000	450,000
Unrealised loss on investments at FVTPL	11,488,478	512,502
(Gain)/loss on disposal of investments in securities	(7,885,015)	101,303
Interest and dividend revenue	(7,151,990)	(7,591,631)
Finance cost	1,706,209	-
	<hr/>	<hr/>
Operating cash flows before changes in operating assets and liabilities	58,376,615	66,243,793
(Increase)/decrease in trade and other receivables	(10,248,813)	12,708,681
Decrease in inventories	19,669,623	10,631,453
(Decrease)/increase in trade and other payables	(15,544,570)	11,963,973
	<hr/>	<hr/>
Cash generated from operations	52,252,855	101,547,900
Employees' end of service indemnity paid	(319,415)	(173,197)
Finance costs paid	(1,706,209)	-
	<hr/>	<hr/>
Net cash generated from operating activities	50,227,231	101,374,703
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(20,074,754)	(25,958,470)
Purchase of investments at FVTPL	(1,616,244)	(39,328,225)
Purchase of investments carried at FVTOCI	(11,424,293)	(516,798)
Proceeds on disposal of investments in securities	103,173,733	9,109,503
Dividend received	6,410,467	7,131,234
Interest received	741,523	460,397
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	77,210,432	(49,102,359)
	<hr/>	<hr/>
Cash flows from financing activities		
Board of Directors remuneration paid	(740,319)	(1,300,000)
Net movement on finance lease liability	(13,962,182)	-
Dividend paid	(52,430,662)	(37,506,948)
	<hr/>	<hr/>
Net cash used in financing activities	(67,133,163)	(38,806,948)
	<hr/>	<hr/>
Net increase in cash and cash equivalents during the period	60,304,500	13,465,396
Cash and cash equivalents at the beginning of the period	119,135,725	68,780,023
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period (Note 8)	179,440,225	82,245,419
	<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 six months period ended 30 June 2015

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, which became effective for annual periods beginning on or after 1 January 2015, 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 period and prior year but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> Annual Improvements to IFRSs 2010 - 2012 Cycle that includes amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 38 and IAS 24. 	1 July 2014
<ul style="list-style-type: none"> Annual Improvements to IFRSs 2011 - 2013 Cycle that includes amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40. 	1 July 2014
<ul style="list-style-type: none"> 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

2.2 New and revised 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 are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> Amendments to IFRS 7 <i>Financial Instruments</i>: Disclosures relating to disclosures about the initial application of IFRS 9. 	When IFRS 9 is first applied
<ul style="list-style-type: none"> IFRS 7 <i>Financial Instruments</i>: Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9. 	When IFRS 9 is first applied

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

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

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • IFRS 9 Financial Instruments (2009) issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (2010) revised in October 2010 includes the requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement. <p>IFRS 9 Financial Instruments (2013) was revised in November 2013 to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the own credit gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9.</p> <p>Finalised version of IFRS 9 (IFRS 9 Financial Instruments (2014)) was issued in July 2014 incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.</p> <p>IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets; (2) the classification and measurement requirements for both financial assets and financial liabilities; (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.</p>	<p>1 January 2018</p>
<ul style="list-style-type: none"> • IFRS 14 <i>Regulatory Deferral Accounts</i> issued in January 2014 specifies the financial reporting requirements for ‘regulatory deferral account balance’ that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation. 	<p>1 January 2016</p>
<ul style="list-style-type: none"> • IFRS 15 <i>Revenue from Contracts with Customers</i>: IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. 	<p>1 January 2017</p>
<ul style="list-style-type: none"> • Annual Improvements to IFRSs 2012 - 2014 Cycle that include amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34. 	<p>1 January 2016</p>
<ul style="list-style-type: none"> • Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortisation. 	<p>1 January 2016</p>

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

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

New and revised IFRSs	Effective for annual periods beginning on or after
• Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
• Amendments to IFRS 10 and IAS 28 clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	1 January 2016
• Amendments to IAS 27 allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity’s separate financial statements.	1 January 2016
• Amendments to IFRS 10, IFRS 12 and IAS 28 clarifying certain aspects of applying the consolidation exception for investment entities.	1 January 2016
• Amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	1 January 2016
• 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 of initial application and adoption of these new standards, interpretations and amendments, except for IFRS 9, may have no material impact on the financial statements of the Company in the period of initial application.

The application of IFRS 9 may have significant impact on amounts reported and disclosures made in the Company’s financial statements in respect of Company’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of effects of the application until the Company performs a detailed review.

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)****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 2014.

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 2014. In addition, results for the six months period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 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 six months period ended 30 June 2015 (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 stations	10 – 30
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.

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

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 20,074,754 (six months ended 30 June 2014: AED 25,958,470) and depreciation for the six months ended 30 June 2015 amounted to AED 28,878,005 (six months ended 30 June 2014: AED 26,196,024).

At 30 June 2015 the cost of fully depreciated property, plant and equipment that was still in use amounted to AED 332,314,115 (31 December 2014: AED 252,930,587).

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 2015 (unaudited) AED	31 December 2014 (audited) AED
Trade receivables	118,150,652	111,383,557
Other receivables	38,651,845	35,170,127
Receivable from sale of an associate	9,500,000	9,500,000
	<hr/>	<hr/>
	166,302,497	156,053,684
Receivable from sale of an associate due after one year	(6,000,000)	(6,000,000)
	<hr/>	<hr/>
	160,302,497	150,053,684
	<hr/>	<hr/>

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

5. Trade and other receivables (continued)

The credit risk associated with the Company's trade receivables is considered limited as the Company holds trade receivables amounting to AED 82 million (31 December 2014: AED 85 million) 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 2015 (unaudited) AED	31 December 2014 (audited) AED
Quoted equity instruments at fair value	40,670,693	21,275,923
Unquoted equity instruments at fair value	14,077,719	24,701,078
	54,748,412	45,977,001
In U.A.E.	22,020,580	20,623,360
In other GCC countries	32,727,832	25,353,641
	54,748,412	45,977,001

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

	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Quoted	88,430,706	193,591,658
In U.A.E.	60,715,901	131,777,501
In other GCC countries	27,714,805	61,814,157
	88,430,706	193,591,658

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)

7. Inventories

	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Finished goods	8,948,049	5,849,072
Raw materials	21,737,085	23,539,416
Work in progress	26,569,262	28,390,801
Bags, fuel and lubricants	23,141,740	31,083,757
	<hr/> 80,396,136 <hr/>	<hr/> 88,863,046 <hr/>
Spare parts - maintenance department	146,513,037	155,692,077
Consumable items	20,614,593	22,648,649
Tools	356,933	346,550
	<hr/> 167,484,563 <hr/>	<hr/> 178,687,276 <hr/>
Allowance for slow-moving inventories	(18,201,820)	(18,201,820)
	<hr/> 149,282,743 <hr/>	<hr/> 160,485,456 <hr/>
	<hr/> 229,678,879 <hr/>	<hr/> 249,348,502 <hr/>

8. Cash and cash equivalents

	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Cash on hand	283,087	65,412
Bank balances:		
Current accounts	9,541,361	16,129,002
Call deposits	12,857,965	15,639,000
Short term deposits	156,757,812	87,302,311
	<hr/> 179,157,138 <hr/>	<hr/> 119,070,313 <hr/>
	<hr/> 179,440,225 <hr/>	<hr/> 119,135,725 <hr/>

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

8. Cash and cash equivalents (continued)

	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Bank balances		
In U.A.E.	174,369,827	115,696,476
In other GCC countries	4,787,311	3,373,837
	<hr/> 179,157,138 <hr/>	<hr/> 119,070,313 <hr/>

9. Share capital

	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Issued and fully paid:		
821,096,820 ordinary shares of AED 1 each	821,096,820	821,096,820
	<hr/> 821,096,820 <hr/>	<hr/> 821,096,820 <hr/>

10. Reserves

According to 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. At the Annual General Meeting held on 01 April 2015, the shareholders approved the transfer of AED 10 million from voluntary reserve to retained earnings.

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

10. Reserves (continued)

	Statutory reserve AED	Voluntary reserve AED	Total AED
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
Balance at 31 December 2014 (audited)	348,241,109	149,545,458	497,786,567
Movement during the period	-	(10,000,000)	(10,000,000)
Balance at 30 June 2015 (unaudited)	348,241,109	139,545,458	487,786,567

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 and the Company has utilized AED 146,301,950 (31 December 2014: AED 146,301,950) out of available lease facility of AED 192,500,000.

The payments due under leasing arrangement are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Due within one year	31,453,282	31,438,606	28,434,998	28,065,887
Due in the second through fifth year	94,359,846	109,980,361	90,158,624	104,489,917
	125,813,128	141,418,967	118,593,622	132,555,804
Less: Embedded future finance costs	(7,219,506)	(8,863,163)	-	-
	118,593,622	132,555,804	118,593,622	132,555,804

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

11. Finance lease liability (continued)

Included in the condensed statement of financial position as follows:

	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Current portion of finance lease liability	28,434,998	28,065,887
Non-current portion of finance lease liability	90,158,624	104,489,917
	118,593,622	132,555,804

12. Trade and other payables

	30 June 2015 (unaudited) AED	31 December 2014 (audited) AED
Trade payables	66,412,135	81,890,570
Dividend payable	26,000,280	20,954,165
Accrued expenses	49,616,015	50,345,300
Other payables	2,321,356	1,658,206
	144,349,786	154,848,241

13. Revenue

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

	Three months period ended		Six months period ended	
	2015 (unaudited) AED	30 June 2014 (unaudited) AED	2015 (unaudited) AED	30 June 2014 (unaudited) AED
Local sales	27,880,360	31,897,845	57,188,425	71,028,144
Export sales	111,828,113	151,794,983	254,472,727	317,376,766
	139,708,473	183,692,828	311,661,152	388,404,910

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

14. Investment income/ (loss)

	Three months period ended 30 June		Six months period ended 30 June	
	2015 (unaudited) AED	2014 (unaudited) AED	2015 (unaudited) AED	2014 (unaudited) AED
Unrealised loss on investments at FVTPL	(7,389,896)	(40,517,637)	(11,488,478)	(512,502)
Gain/(loss) on disposal of investments in securities	4,292,540	477,046	7,885,015	(101,303)
Dividend income	4,017,016	4,905,071	6,410,467	7,131,234
Interest income	482,145	427,833	741,523	460,397
	<u>1,401,805</u>	<u>(34,707,687)</u>	<u>3,548,527</u>	<u>6,977,826</u>

15. Basic earnings / (loss) per share

	Three months period ended 30 June		Six months period ended 30 June	
	2015 (unaudited)	2014 (unaudited)	2015 (unaudited)	2014 (unaudited)
Profit/(loss) for the period (in AED)	<u>15,748,973</u>	<u>(9,292,701)</u>	<u>30,890,928</u>	<u>43,718,830</u>
Number of shares	<u>821,096,820</u>	<u>821,096,820</u>	<u>821,096,820</u>	<u>821,096,820</u>
Basic earnings /(loss) per share (in AED)	<u>0.02</u>	<u>(0.01)</u>	<u>0.04</u>	<u>0.05</u>

16. Dividends

At their Annual General Meeting held on 01 April 2015, the Shareholders approved the payment of cash dividend at 7% of the Share capital amounting to AED 57.5 million for the year 2014 (2014: approved cash dividend at 5% of share capital amounting to AED 41.1 million for the year 2013).

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)****17. Related party transactions**

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

	Three months period ended		Six months period ended	
	2015	30 June	2015	30 June
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	AED	AED	AED	AED
Attendance expenses for Board of Directors and committees' meetings	237,180	204,450	637,445	574,900
Board of Directors' remuneration	740,319	-	740,319	1,300,000

18. Contingent liabilities and commitments

	30 June	31 December
	2015	2014
	(unaudited)	(audited)
	AED	AED
Letters of credit	2,202,932	1,862,925
Letters of guarantee	200,000	200,000

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 2015 (continued)

19. Segment information (continued)

	Six months period ended 30 June 2015			Six months period ended 30 June 2014		
	Manufacturing (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Manufacturing (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED
Segment revenue	311,661,152	-	311,661,152	388,404,910	-	388,404,910
Segment result	27,342,401	3,548,527	30,890,928	36,741,004	6,977,826	43,718,830
	30 June 2015			31 December 2014		
	Manufacturing (unaudited) AED	Investments (unaudited) AED	Total (unaudited) AED	Manufacturing (audited) AED	Investments (audited) AED	Total (audited) AED
Segment assets	1,124,238,164	330,548,620	1,454,786,784	1,142,462,225	360,263,695	1,502,725,920
Unallocated assets	-	-	9,824,448	-	-	16,194,414
Total assets	1,124,238,164	330,548,620	1,464,611,232	1,142,462,225	360,263,695	1,518,920,334
Segment liabilities	274,248,221	-	274,248,221	298,578,273	-	298,578,273

There are no transactions between the business segments.

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

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 2014.

Fair value of the Company's financial assets that are measured at fair value on recurring basis

Some of the Company's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 June 2015 AED'000 (unaudited)	31 December 2014 AED'000 (audited)				
Quoted equity investments – FVTOCI	40,671	21,276	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity investments – FVTOCI	14,077	24,701	Level 3	Net assets valuation method due to the unavailability of market and comparable financial information. Net assets values were determined based on the latest available audited/historical financial information.	Net assets value.	Higher the net assets value of the investees, higher the fair value.
Quoted equity instruments – FVTPL	88,430	193,592	Level 1	Quoted bid prices in an active market.	None.	NA

GULF CEMENT COMPANY P.S.C.

**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)**

20. Fair value measurement (continued)

The following table provides an analysis of financial and nonfinancial 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 2015 (unaudited):

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Equity instruments:-				
Quoted at FVTPL	88,430,706	-	-	88,430,706
At FVTOCI				
Quoted equities	40,670,693	-	-	40,670,693
Unquoted equities	-	-	14,077,719	14,077,719
Investment Property	-	-	8,253,725	8,253,725
	<u>129,101,399</u>	<u>-</u>	<u>22,331,444</u>	<u>151,432,843</u>

31 December 2014 (audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Equity instruments:-				
Quoted at FVTPL	193,591,658	-	-	193,591,658
At FVTOCI				
Quoted equities	21,275,923	-	-	21,275,923
Unquoted equities	-	-	24,701,078	24,701,078
Investment property	-	-	8,253,725	8,253,725
	<u>214,867,581</u>	<u>-</u>	<u>32,954,803</u>	<u>247,822,384</u>

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.

GULF CEMENT COMPANY P.S.C.**Notes to the condensed financial statements
for the six months period ended 30 June 2015 (continued)****21. Seasonality of results**

Investment income includes dividend income of AED 6,410,467 for the six months period ended 30 June 2015 (Six months period ended 30 June 2014: AED 7,131,234), 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 30 July 2015.