GULF CEMENT COMPANY P.S.C.

Review report and interim financial information for the nine months period ended 30 September 2016

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 September 2016 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the nine 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of 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
9 November 2016

GULF CEMENT COMPANY P.S.C.

Condensed statement of financial position at 30 September 2016

	Notes	30 September 2016 (Unaudited) AED	31 December 2015 (Audited) AED
ASSETS			
Non-current assets			
Property, plant and equipment	4	724,272,303	726,620,277
Investment property		8,253,725	8,253,725
Trade and other receivables	5	5,500,000	5,500,000
Investments carried at fair value through other comprehensive income (FVTOCI)	6	44,062,833	43,281,919
Total non-current assets		782,088,861	783,655,921
Current assets			
Inventories	7	209,051,633	233,395,932
Trade and other receivables	5	152,022,189	124,658,429
Investments carried at fair value through profit or loss (FVTPL)	6	62,094,820	82,577,106
Cash and cash equivalents	8	190,608,020	220,804,428
Total current assets		613,776,662	661,435,895
Total assets		1,395,865,523	1,445,091,816
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	821,096,820	821,096,820
Reserves	10	477,074,473	502,074,473
Cumulative change in fair value - FVTOCI		(168,891,862)	(168,184,650)
Retained earnings		41,322,030	60,877,639
Total equity		1,170,601,461	1,215,864,282
Non-current liabilities			
Provision for employees' end of service indemnity		11,638,840	11,767,197
Finance lease liability	11	54,011,058	75,686,619
Total non-current liabilities		65,649,898	87,453,816
Current liabilities			
Finance lease liability	11	29,061,324	28,791,078
Trade and other payables	12	130,552,840	112,982,640
Total current liabilities		159,614,164	141,773,718
Total liabilities		225,264,062	229,227,534
Total equity and liabilities		1,395,865,523	1,445,091,816

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 nine months period ended 30 September 2016

	Notes	Three months period ended 30 September		Nine months period ended 30 September	
		2016	2015	**2016**	2015
		AED	AED	**AED**	AED
Revenue	13	**123,989,141**	175,583,435	**423,636,484**	487,244,587
Cost of sales		**(101,559,059)**	(147,721,356)	**(347,506,526)**	(411,488,424)
Gross profit		**22,430,082**	27,862,079	**76,129,958**	75,756,163
Other operating income		**2,253,015**	2,408,191	**5,685,710**	5,899,967
Selling, general and administrative expenses		**(11,374,126)**	(12,435,541)	**(35,759,467)**	(35,931,131)
Investment income/(loss)	14	**361,066**	(927,635)	**(13,089,874)**	3,094,521
Finance cost		**(702,392)**	(804,022)	**(2,240,577)**	(2,510,231)
Other income/(loss)		**232,853**	(71,987)	**217,871**	612,724
Profit for the period		**13,200,498**	16,031,085	**30,943,621**	46,922,013
Basic earnings per share	15	**0.02**	0.02	**0.04**	0.06

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 nine months period ended 30 September 2016

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	**2016**	2015
	AED	AED	**AED**	AED
Profit for the period	**13,200,498**	16,031,085	**30,943,621**	46,922,013
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
Loss on disposal of FVTOCI	-	-	**(2,516)**	-
Decrease in fair value of investments carried at FVTOCI	**(987,527)**	(4,299,799)	**(707,212)**	(6,952,681)
Board of Directors' remuneration	-	-	**(1,598,000)**	(740,319)
Other comprehensive loss for the period	**(987,527)**	(4,299,799)	**(2,307,728)**	(7,693,000)
Total comprehensive income for the period	**12,212,971**	11,731,286	**28,635,893**	39,229,013

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 nine months period ended 30 September 2016

	Share capital AED	Reserves AED	Cumulative change in fair value (FVTOCI) AED	Retained earnings AED	Total AED
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	-	-	-	46,922,013	46,922,013
Other comprehensive loss for the period	-	-	(6,952,681)	(740,319)	(7,693,000)
Total comprehensive income for the period	-	-	(6,952,681)	46,181,694	39,229,013
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 September 2015 (unaudited)	821,096,820	487,786,567	(157,417,795)	50,628,705	1,202,094,297
Balance at 31 December 2015 (audited)	821,096,820	502,074,473	(168,184,650)	60,877,639	1,215,864,282
Profit for the period	-	-	-	30,943,621	30,943,621
Other comprehensive loss for the period	-	-	(707,212)	(1,600,516)	(2,307,728)
Total comprehensive income for the period	-	-	(707,212)	29,343,105	28,635,893
Transfer from voluntary reserve (Note 10)	-	(25,000,000)	-	25,000,000	-
Dividend paid (Note 16)	-	-	-	(73,898,714)	(73,898,714)
Balance at 30 September 2016 (unaudited)	**821,096,820**	**477,074,473**	**(168,891,862)**	**41,322,030**	**1,170,601,461**

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 nine months period ended 30 September 2016

	Nine months period ended 30 September 2016 AED	2015 AED
Cash flows from operating activities		
Profit for the period	**30,943,621**	46,922,013
Adjustments for:		
Depreciation of property, plant and equipment	**41,300,513**	41,776,780
Provision for employees' end of service indemnity	**773,939**	675,000
Unrealised loss on investments at FVTPL	**19,911,284**	14,577,269
Finance costs	**2,240,577**	2,510,231
Loss/(gain) on disposal of investments in securities	**330,768**	(8,507,312)
Interest and dividend income	**(7,152,178)**	(8,631,480)
Operating cash flows before changes in operating assets and liabilities	**88,348,524**	89,322,501
Increase in trade and other receivables	**(27,363,760)**	(6,930,392)
Decrease in inventories	**24,344,299**	35,045,142
Increase/(decrease) in trade and other payables	**13,473,047**	(15,224,668)
Cash generated from operating activities	**98,802,110**	102,212,583
Employees' end of service indemnity paid	**(902,296)**	(547,936)
Finance costs paid	**(2,240,577)**	(2,510,231)
Net cash generated from operating activities	**95,659,237**	99,154,416
Cash flows from investing activities		
Purchase of property, plant and equipment	**(38,952,539)**	(26,823,724)
Purchase of investments at FVTPL	**-**	(1,616,246)
Purchase of investments carried at FVTOCI	**(2,411,266)**	(12,923,545)
Proceeds from disposal of investments in securities	**1,160,858**	104,543,811
Dividend received	**3,963,419**	7,678,745
Interest received	**3,188,759**	952,735
Net cash (used in)/generated from investing activities	**(33,050,769)**	71,811,776
Cash flows from financing activities		
Board of Directors remuneration paid	**(1,598,000)**	(740,319)
Net movement in finance lease	**(21,405,315)**	(20,996,826)
Dividend paid	**(69,801,561)**	(55,015,946)
Net cash used in financing activities	**(92,804,876)**	(76,753,091)
Net (decrease)/ increase in cash and cash equivalents	**(30,196,408)**	94,213,101
Cash and cash equivalents at the beginning of the period	**220,804,428**	119,135,725
Cash and cash equivalents at the end of the period (Note 8)	**190,608,020**	213,348,826

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, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these condensed financial statements. The application of these revised 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.

- IFRS 14 Regulatory Deferral Accounts.
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative.
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* relating to clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 Agriculture relating to bearer plants.
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investment in Associates and Joint Ventures* relating to applying the consolidation exception for investment entities.
- Annual Improvements to IFRSs 2012 - 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34.

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

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
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014).	1 January 2018
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.	
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement.*	1 January 2018

The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

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 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 Financial Instruments: Disclosures relating to the 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
Amendments to IFRS 4: Insurance Contracts which introduces the overlay approach and deferral approach towards implementing IFRS 9 before implementing the replacement standard that the IASB Board is developing for IFRS 4.	When IFRS 9 is first applied or 1 January 2021 under deferral approach.
IFRS 15 Revenue from Contracts with Customers In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.	1 January 2018

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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**
IFRS 15 Revenue from Contracts with Customers (continued)	
Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	
Amendments were further issued on IFRS 15 clarifying some requirements and providing additional relief for companies that are implementing the new standard. The amendments do not change the underlying principles of the standard but clarify how those principles should be applied.	
IFRS 16 Leases: IFRS 16 specifies will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019
Amendments to IAS 12 Income Taxes seeks to clarify the requirements on recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, to address diversity in practice.	1 January 2017
Amendments to IAS 7 Statement of Cash Flows, which are intended to clarify the standard to improve information provided to users of financial statements about an entity's financing activities.	1 January 2017
Amendments to IFRS 2 Share-based Payment that clarify the classification and measurement of share-based payment transactions.	1 January 2018
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements for the period beginning 1 January 2017 or as and when they are applicable 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 the finalised version 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.

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 2015.

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 2015. In addition, results for the nine months period ended 30 September 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

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.

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 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.

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Notes to the condensed financial statements
for the nine months period ended 30 September 2016 (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 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 38,952,539 (nine months period ended 30 September 2015: AED 26,823,724) and depreciation for the nine months period ended 30 September 2016 amounted to AED 41,300,513 (nine months period ended 30 September 2015: AED 41,776,780).

At 30 September 2016 the cost of fully depreciated property, plant and equipment that was still in use amounted to AED 346,206,901 (31 December 2015: AED 332,248,009).

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 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Trade receivables	**123,095,798**	97,395,796
Advances to suppliers	**13,017,954**	13,663,155
Prepayments and other receivables	**15,408,437**	13,099,478
Receivable from sale of an associate	**6000,000**	6,000,000
	157,522,189	130,158,429
Receivable from sale of an associate due after one year	**(5,500,000)**	(5,500,000)
	152,022,189	124,658,429

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Notes to the condensed financial statements for the nine months period ended 30 September 2016 (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 110 million (31 December 2015: AED 83 million) fully covered by unconditional bank guarantees or letter of credit 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 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Quoted – at fair value	**35,406,574**	34,625,668
Unquoted – at fair value	**8,656,259**	8,656,251
	44,062,833	43,281,919
In U.A.E.	**6,000,000**	6,000,000
In other GCC countries	**38,062,833**	37,281,919
	44,062,833	43,281,919

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

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Quoted	**62,094,820**	82,577,106
In U.A.E.	**33,095,655**	55,938,775
In other GCC countries	**28,999,165**	26,638,331
	62,094,820	82,577,106

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Notes to the condensed financial statements
for the nine months period ended 30 September 2016 (continued)

7. Inventories

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Finished goods	8,598,409	8,323,772
Raw materials	15,415,457	15,915,208
Work in progress	11,778,872	35,599,884
Bags, fuel and lubricants	19,382,352	18,497,535
	55,175,090	78,336,399
Spare parts - maintenance department	152,019,595	151,139,971
Consumable items	19,662,112	21,748,702
Tools	396,656	372,680
	172,078,363	173,261,353
Allowance for slow-moving inventories	(18,201,820)	(18,201,820)
	153,876,543	155,059,533
	209,051,633	233,395,932

8. Cash and cash equivalents

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Cash on hand	98,750	59,543
Bank balances:		
Current accounts	7,332,073	3,068,482
Call deposits	16,777,197	3,676,403
Short term deposits	166,400,000	214,000,000
	190,509,270	220,744,885
	190,608,020	220,804,428

8. Cash and cash equivalents (continued)

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Bank balances		
In U.A.E.	**184,311,681**	218,694,846
In other GCC countries	**6,197,589**	2,050,039
	190,509,270	220,744,885

9. Share capital

	30 September 2016 (unaudited) AED	31 December 2015 (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 the Company's Articles of Association and the requirements of the U.A.E. Federal Law No (2) of 2015, 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 shareholders' 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 20 April 2016, the shareholders approved the transfer of AED 25 million from voluntary reserve to retained earnings (2015: Approved the transfer of AED 10 million from voluntary reserve to retained earnings).

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Notes to the condensed financial statements for the nine months period ended 30 September 2016 (continued)

10. Reserves (continued)

	Statutory reserve AED	Voluntary reserve AED	Total AED
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 September 2015 (unaudited)	348,241,109	139,545,458	487,786,567
Balance at 31 December 2015 (audited)	355,385,062	146,689,411	502,074,473
Movement during the period	-	(25,000,000)	(25,000,000)
Balance at 30 September 2016 (unaudited)	**355,385,062**	**121,689,411**	**477,074,473**

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, the Company has utilized AED 146,301,950 (31 December 2015: 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 September 2016 (unaudited) AED	31 December 2015 (audited) AED	**30 September 2016 (unaudited) AED**	31 December 2015 (audited) AED
Due within one year	**31,453,282**	31,453,282	**29,061,324**	28,791,078
Due in the second through fifth year	**55,043,244**	78,633,205	**54,011,058**	75,686,619
	86,496,526	110,086,487	**83,072,382**	104,477,697
Less: Embedded future finance costs	**(3,424,144)**	(5,608,790)	-	-
	83,072,382	104,477,697	**83,072,382**	104,477,697

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements
for the nine months period ended 30 September 2016 (continued)

11. Finance lease liability (continued)

Included in the condensed statement of financial position as follows:

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Current portion of finance lease liability	**29,061,324**	28,791,078
Non-current portion of finance lease liability	**54,011,058**	75,686,619
	83,072,382	104,477,697

12. Trade and other payables

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Trade payables	**52,509,958**	40,364,470
Dividends payable	**27,275,456**	23,178,303
Accrued expenses	**47,904,775**	47,725,816
Other payables	**2,862,651**	1,714,051
	130,552,840	112,982,640

13. Revenue

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2016 (unaudited) AED	2015 (unaudited) AED	**2016 (unaudited) AED**	2015 (unaudited) AED
Local sales	**31,449,172**	41,146,665	**99,716,095**	98,335,090
Export sales	**92,539,969**	134,436,770	**323,920,389**	388,909,497
	123,989,141	175,583,435	**423,636,484**	487,244,587

14. Investment income/ (loss)

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	**2016**	2015
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
	AED	AED	**AED**	AED
Unrealised loss on investments carried at FVTPL	**(806,123)**	(3,088,790)	**(19,911,284)**	(14,577,269)
(Loss)/gain on disposal of investments carried at FVTPL	**(330,768)**	681,674	**(330,768)**	9,040,310
Dividend income	**128,610**	1,268,269	**3,963,419**	7,678,745
Interest income	**1,369,347**	211,212	**3,188,759**	952,735
	361,066	(927,635)	**(13,089,874)**	3,094,521

15. Basic earnings per share

	Three months period ended 30 September		Nine months period ended 30 September	
	2016	2015	**2016**	2015
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profit for the period (in AED)	**13,200,498**	16,031,085	**30,943,621**	46,922,013
Number of shares	**821,096,820**	821,096,820	**821,096,820**	821,096,820
Basic earnings per share (in AED)	**0.02**	0.02	**0.04**	0.06

16. Dividend

At the annual general meeting held on 20 April 2016, the shareholders approved cash dividend of 9% of share capital amounting to AED 73.90 million for the year ended 31 December 2015 (2015: 7% of share capital amounting to AED 57.48 million for the year ended 31 December 2014). The shareholders also approved the Board of Directors' remuneration of AED 1.6 million for the year ended 31 December 2015 (2015: AED 0.7 million for 2014).

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements
for the nine months period ended 30 September 2016 (continued)

17. Related party transactions

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

	Three months period ended 30 September		Nine months period ended 30 September	
	2016 (unaudited) AED	2015 (unaudited) AED	**2016 (unaudited) AED**	2015 (unaudited) AED
Board of Directors' remuneration	-	-	1,598,000	740,319
Attendance expenses for Board of Directors and committees meeting	**218,260**	232,530	**755,075**	869,975

18. Contingent liabilities and commitments

	30 September 2016 (unaudited) AED	31 December 2015 (audited) AED
Letters of credit	**35,897,440**	255,395
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.

GULF CEMENT COMPANY P.S.C.

Notes to the condensed financial statements
for the nine months period ended 30 September 2016 (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 2015.

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 September 2016 (unaudited) AED'000	31December 2015 (audited) AED'000				
Quoted equity investments – FVTOCI	**35,407**	34,626	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity investments – FVTOCI	**8,656**	8,656	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	**62,095**	82,577	Level 1	Quoted bid prices in an active market.	None.	NA

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 September 2016 (unaudited):

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
Equity instruments:-				
Quoted at FVTPL	**62,094,820**	-	-	**62,094,820**
At FVTOCI				
Quoted equities	**35,406,574**	-	-	**35,406,574**
Unquoted equities	-	-	**8,656,259**	**8,656,259**
Investment property	-	-	**8,253,725**	**8,253,725**
	97,501,394	-	**16,909,984**	**114,411,378**

31 December 2015 (audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTPL	82,577,106	-	-	82,577,106
FVTOCI				
Quoted equities	34,625,668	-	-	34,625,668
Unquoted equities	-	-	8,656,251	8,656,251
Investment property	-	-	8,253,725	8,253,725
	117,202,774	-	16,909,976	134,112,750

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.

21. Seasonality of results

Investment income includes dividend income of AED 3,963,419 for the nine months period ended 30 September 2016 (Nine months period ended 30 September 2015: AED 7,678,745), 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 9 November 2016.