GULF CEMENT COMPANY P.S.C.

Independent auditor's report and financial statements for the year ended 31 December 2017

GULF CEMENT COMPANY P.S.C.

Contents	Page

Deloitte & Touche (M.E.)
UAB Tower - Level 13
Al Buhairah Corniche
P.O. Box 5470
Sharjah
United Arab Emirates

Tel: +971 (0) 6 517 9500
Fax:+971 (0) 6 517 9501
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

The Shareholders
Gulf Cement Company P.S.C.
Ras Al Khaimah
United Arab Emirates

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Gulf Cement Company P.S.C. (the "Company") - Ras Al Khaimah, United Arab Emirates**, which comprise the statement of financial position as at 31 December 2017, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the **Gulf Cement Company P.S.C. - Ras Al Khaimah, United Arab Emirates,** as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with other ethical requirements that are relevant to the audit of the Company's financial statements in the United Arab Emirates and we have fulfilled our ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Cont'd...

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Key Audit Matters (Continued)

Key Audit Matter	How are audit addressed the key audit matter
Valuation of investments carried at FVTOCI	
Investments carried at fair value through other comprehensive income (FVTOCI) comprise quoted and unquoted investments. The valuation of quoted investments is arrived at by reference to the quoted bid prices in an active market while the valuation of the unquoted investments is arrived at based on the net assets valuation method due to the unavailability of market and comparable information. Net assets values were determined based on the latest audited financial statements. Investments carried at FVTOCI 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. We consider the valuation of these FVTOCI investments a key audit matter, given the significant assumptions and judgements involved.	Our procedures to test the valuation of investments carried at FVTOCI and related account of cumulative changes in fair value which is classified under equity included the following: • Obtained the list of investments carried at FVTOCI and tested it for accuracy. • Verified the fair values of quoted investments with the quoted active bid prices in the stock exchange in which they are listed. • Reviewed the valuation model used by management to value unquoted investments to ensure that valuation was done in accordance with the applicable methodology and has suitable for use in determining the carrying value for the purpose of the financial statements.
Allowance for slow-moving inventories	
Inventories include various types of inventory which are reported at the lower of cost or net realizable value. Assessing net realizable value of inventory is an area of significant judgement, in particular with regard to the estimation of allowance for slow-moving and obsolete inventory. The management has relied upon their experience, physical verification, operational condition and understanding of the nature and use of spare parts, and has accordingly made estimations for allowance for slow moving and obsolete inventory. Since significant judgement is involved in assessing the required allowance, we have identified this as a key area of focus.	Our procedures to test the management estimate of allowance for slow-moving and obsolete inventory included the following: • Held meetings with management to understand the procedures undertaken as part of the inventory review and assessment of allowance for slow moving and obsolete items. • Verified the physical existence and good condition of selected sample of the inventory. • Tested the valuation of year-end inventory, including review of judgements considered regarding obsolescence and net realizable value.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Other information

Management is responsible for the other information. The other information comprises the Directors Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Auditor's responsibility for the audit of the financial statements (continued)

a) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

b) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

c) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

d) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Company has maintained proper books of account;

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on Other Legal and Regulatory Requirements (continued)

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) as disclosed in Note 7 to the financial statements, the Company has purchased or invested in shares during the financial year ended 31 December 2017;

vi) Note 15 to the financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2017; and

viii) Note 22 to the financial statements discloses the social contributions made during the financial year ended 31 December 2017.

Deloitte & Touche (M.E.)

Signed by:
Samir Madbak
Registration No. 386
14 February 2018
Sharjah, United Arab Emirates

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GULF CEMENT COMPANY P.S.C. (continued)

Report on Other Legal and Regulatory Requirements (continued)

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) as disclosed in Note 7 to the financial statements, the Company has purchased or invested in shares during the financial year ended 31 December 2017;

vi) Note 15 to the financial statements discloses material related party transactions, and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2017; and

viii) Note 22 to the financial statements discloses the social contributions made during the financial year ended 31 December 2017.

Deloitte & Touche (M.E.)

Signed by:
Samir Madbak
Registration No. 386
14 February 2018
Sharjah, United Arab Emirates

Statement of financial position
at 31 December 2017

	Notes	2017 AED	2016 AED
ASSETS			
Non-current assets			
Property, plant and equipment	5	796,330,646	776,914,902
Investment property	6	8,253,725	8,253,725
Trade and other receivables	8	4,500,000	5,500,000
Investments carried at fair value through other comprehensive income (FVTOCI)	7	39,518,251	40,032,243
Total non-current assets		848,602,622	830,700,870
Current assets			
Inventories	9	175,185,315	183,214,656
Trade and other receivables	8	151,181,354	145,749,374
Investments carried at fair value through profit or loss (FVTPL)	7	51,359,841	53,406,004
Bank balances and cash	10	78,046,829	166,398,878
Total current assets		455,773,339	548,768,912
Total assets		1,304,375,961	1,379,469,782
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	821,096,820	821,096,820
Treasury shares	11	(451,248)	(451,248)
Reserves	12	460,220,302	487,097,612
Cumulative change in fair value - FVTOCI	7	(172,867,317)	(172,922,454)
Retained earnings		33,617,768	50,470,965
Total equity		1,141,616,325	1,185,291,695
Non-current liabilities			
Provision for employees' end of service Indemnity	13	11,862,974	11,426,760
Finance lease liability	14	15,744,434	46,275,280
Total non-current liabilities		27,607,408	57,702,040
Current liabilities			
Finance lease liability	14	30,579,575	29,557,149
Trade and other payables	16	104,572,653	106,918,898
Total current liabilities		135,152,228	136,476,047
Total liabilities		162,759,636	194,178,087
Total equity and liabilities		1,304,375,961	1,379,469,782

Omar Saqr Al Qasimi
Chairman

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

Statement of income
for the year ended 31 December 2017

	Notes	2017 AED	2016 AED
Revenue	17	**583,203,932**	560,604,999
Cost of sales	18	**(523,456,197)**	(467,338,071)
Gross profit		**59,747,735**	93,266,928
Other operating income		**8,789,083**	7,959,293
Selling, general and administrative expenses		**(44,176,234)**	(47,287,261)
Investment income/(loss)	19	**3,794,648**	(13,230,442)
Finance cost		**(2,221,695)**	(2,908,593)
Other income	20	**14,679,914**	12,315,770
Profit for the year		**40,613,451**	50,115,695
Basic earnings per share	21	**0.05**	0.06

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

Statement of comprehensive income
for the year ended 31 December 2017

	2017 AED	2016 AED
Profit for the year	**40,613,451**	50,115,695
Other comprehensive loss :-		
Items that will not be reclassified subsequently to profit or loss		
Loss on disposal of investment at FVTOCI	**(686,276)**	(2,516)
Increase/(decrease) in fair value of investments at FVTOCI	**55,137**	(4,737,804)
Other comprehensive loss for the year	**(631,139)**	(4,740,320)
Total comprehensive income for the year	**39,982,312**	45,375,375

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

GULF CEMENT COMPANY P.S.C.

Statement of changes in equity
for the year ended 31 December 2017

	Share capital AED	Treasury shares AED	Reserves AED	Cumulative change in fair value - FVTOCI AED	Retained earnings AED	Total AED
Balance at 31 December 2015	821,096,820	-	502,074,473	(168,184,650)	60,877,639	1,215,864,282
Profit for the year	-	-	-	-	50,115,695	50,115,695
Other comprehensive loss	-	-	-	(4,737,804)	(2,516)	(4,740,320)
Total comprehensive income for the year	-	-	-	(4,737,804)	50,113,179	45,375,375
Transfer from voluntary reserve (Note 12)	-	-	(25,000,000)	-	25,000,000	-
Board of Directors' remuneration	-	-	-	-	(1,598,000)	(1,598,000)
Dividends distribution	-	-	-	-	(73,898,714)	(73,898,714)
Transfer to reserves (Note 12)	-	-	10,023,139	-	(10,023,139)	-
Purchase of treasury shares (Note 11)	-	(451,248)	-	-	-	(451,248)
Balance at 31 December 2016	821,096,820	(451,248)	487,097,612	(172,922,454)	50,470,965	1,185,291,695
Profit for the year	-	-	-	-	40,613,451	40,613,451
Other comprehensive loss	-	-	-	55,137	(686,276)	(631,139)
Total comprehensive income for the year	-	-	-	55,137	39,927,175	39,982,312
Transfer from voluntary reserve (Note 12)	-	-	(35,000,000)	-	35,000,000	-
Board of Directors' remuneration	-	-	-	-	(1,598,000)	(1,598,000)
Dividends distribution (Note 23)	-	-	-	-	(82,059,682)	(82,059,682)
Transfer to reserves (Note 12)	-	-	8,122,690	-	(8,122,690)	-
Balance at 31 December 2017	**821,096,820**	**(451,248)**	**460,220,302**	**(172,867,317)**	**33,617,768**	**1,141,616,325**

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

Statement of cash flows
For the year ended 31 December 2017

	2017 AED	2016 AED
Cash flows from operating activities		
Profit for the year	**40,613,451**	50,115,695
Adjustments for:		
Depreciation of property, plant and equipment	**50,505,460**	55,287,387
Finance cost	**2,221,695**	2,908,593
Provision for employees' end of service indemnity	**1,197,535**	710,637
Unrealised loss on investments at FVTPL	**1,646,964**	19,657,843
Loss on disposal of investments at FVTPL	**328,243**	2,043,561
Interest and dividend income	**(5,769,855)**	(8,470,962)
Operating cash flows before changes in operating assets and liabilities	**90,743,493**	122,252,754
Increase in trade and other receivables	**(4,431,980)**	(21,090,945)
(Increase)/decrease in inventories	**(4,887,529)**	24,781,881
Decrease in trade and other payables	**(4,915,307)**	(7,763,762)
Cash generated from operations	**76,508,677**	118,179,928
Employees' end of service indemnity paid	**(761,321)**	(1,051,074)
Finance cost paid	**(2,221,695)**	(2,908,593)
Net cash generated by operating activities	**73,525,661**	114,220,261

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

Statement of cash flows
for the year ended 31 December 2017 (continued)

	2017 AED	2016 AED
Cash flows from investing activities		
Purchase of property, plant and equipment	**(57,004,334)**	(80,182,617)
Purchase of investments carried at FVTPL	**(707,989)**	-
Purchase of investments carried at FVTOCI	**(3,465,625)**	(2,411,225)
Proceeds on disposal of investments in securities	**4,127,423**	8,390,279
Decrease/(increase) in fixed deposits with original maturities of over three months	**49,000,000**	(67,000,000)
Interest received	**2,096,339**	4,021,595
Dividends received	**3,673,516**	4,449,367
Net cash used in by investing activities	**(2,280,670)**	(132,732,601)
Cash flows from financing activities		
Board of Directors remuneration paid	**(1,598,000)**	(1,598,000)
Repayment of finance lease liability	**(29,508,420)**	(28,645,268)
Dividend paid	**(79,490,620)**	(72,198,694)
Purchase of treasury shares	-	(451,248)
Net cash used in financing activities	**(110,597,040)**	(102,893,210)
Net decrease in cash and cash equivalents	**(39,352,049)**	(121,405,550)
Cash and cash equivalents at the beginning of the year	**99,398,878**	220,804,428
Cash and cash equivalents at the end of the year (see Note 10)	**60,046,829**	99,398,878

The accompanying notes form an integral part of these 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 ("IFRS")

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2017, have been adopted in the 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.

- Amendments to IAS 12 *Income Taxes* relating to the recognition of deferred tax assets for unrealised losses.
- Amendments to IAS 7 *Statement of Cash Flows* to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 12 *Disclosure of Interests in Other Entities.*

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 28 *Investments in Associates and Joint Ventures (2011).*	1 January 2018
Annual Improvements to IFRS Standards 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23.	1 January 2019

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRIC 22 *Foreign Currency Transactions and Advance Consideration* The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	1 January 2018
IFRIC 23 *Uncertainty over Income Tax Treatments* The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers: • Whether tax treatments should be considered collectively; • Assumptions for taxation authorities' examinations; • The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • The effect of changes in facts and circumstances.	1 January 2019
Amendments to IFRS 2 *Share-Based Payment* regarding classification and measurement of share based payment transactions.	1 January 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 *Financial Instruments* and the forthcoming new insurance contracts standard.	1 January 2018
Amendments to IAS 40 *Investment Property*: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	1 January 2018

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) (a)	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*. 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 (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 9 Financial Instruments: Relating to prepayment features with negative compensation. This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.	1 January 2019

Impact assessment of IFRS 9 *Financial Instruments*

Based on an analysis of the Company's financial assets and financial liabilities as at 31 December 2017 and on the basis of the facts and circumstances that exist at that date, the directors of the Company have assessed the impact of IFRS 9 to the Company's financial statements and concluded that all financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment:

The Company expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required by IFRS 9. Accordingly, the directors expect to recognise lifetime expected credit losses for these items respectively. In general, the directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items by AED 1.4 million.

IFRS 15 *Revenue from Contracts with Customers* — 1 January 2018

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.

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 15 *Revenue from Contracts with Customers (continued)* 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. 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. Impact assessment of IFRS 15 Revenue from Contracts with Customers Management has preliminarily assessed that sale of goods represents single performance obligation and accordingly, revenue will be recognised for the performance obligation when control over the corresponding goods is transferred to the customer. The timing of revenue recognition of this performance obligation will be at a point in time for sale of goods when the goods are delivered to the customer. Accordingly, no impact will be observed on revenue recognition for the Company in 2018.	
Amendments to IFRS 15 *Revenue from Contracts* with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018

Notes to financial statements
for the year ended 31 December 2017 (continued)

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
IFRS 16 *Leases*	1 January 2019
IFRS 16 specifies how an IFRS reporter 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.	
Impact assessment of IFRS 16 *Leases*	
A preliminary assessment indicates that this standard will not have a significant impact on the Company's financial statements as at 31 December 2017.	
Amendments to IAS 28 *Investment in Associates and Joint Ventures*: Relating to long-term interests in associates and joint ventures. These amendments clarify that an entity applies IFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019
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
IFRS 17 *Insurance Contracts*	1 January 2021
IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.	

2 Application of new and revised International Financial Reporting Standards (IFRS) (continued)

2.2 New and revised IFRS in issue but not yet effective (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
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. Adoption is still permitted.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except for IFRS 9 and IFRS 15 and IFRS 16 as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application.

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1 January 2019.

3. Summary of significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and applicable requirements of the UAE Federal Law No. (2) of 2015.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis, except for the measurement at fair value of financial instruments and investment property. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies adopted are set out below.

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

3. Summary of significant accounting policies (continued)

3.3 Revenue recognition (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

3.4 Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight line basis over the shorter of the lease term or the estimated useful life of the asset.

3.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

3. Summary of significant accounting policies (continued)

3.6 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Arab Emirates Dirhams ("AED"), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3.8 Employee benefits

Defined contribution plan

U.A.E. national employees of the Company are members of the Government-managed retirement pension and social security benefit scheme pursuant to Federal Labour Law No. 7 of 1999. The Company is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Company with respect to the retirement pension and social security scheme is to make the specified contributions (12.5%). The contributions are charged to profit or loss.

Annual leave

An accrual is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by eligible employees up to the end of the year.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

3.8 Employee benefits (continued)

Provision for employees' end of service indemnity

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law and is based on current remuneration and their period of service at the end of the reporting period.

The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service indemnity is disclosed as a non-current liability.

3.9 Property, plant and equipment

Property, plant and equipment, except capital work in progress, are stated at their cost, less any subsequent accumulated depreciation and any subsequent identified impairment losses.

Properties in the course of construction for production or 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 capital work in progress, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year 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.

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

3.10 Investment property

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

3. Summary of significant accounting policies (continued)

3.11 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.12 Inventories

Finished products are stated at the lower of cost and net realisable value. Cost comprises raw materials, wages and industrial costs that contribute in transforming raw materials into finished products. Cost is calculated using the weighted average method.

Products in process are stated at the lower of cost and net realisable value. Cost comprises raw materials, wages and industrial costs that contribute in transforming raw materials into products in process.

Raw materials and consumable spare parts are stated at the lower of cost and replacement cost.

Inventories of bags, fuel and lubricants are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

3.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3. Summary of significant accounting policies (continued)

3.13 Provisions (continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

3.14 Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets of the Company are classified into the following specified categories: bank balances and cash, investments 'at fair value through profit or loss' (FVTPL), investments at fair value through other comprehensive income (FVTOCI) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial assets other than those financial assets classified as at FVTPL.

3.14.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.14.2 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. Fair value is determined in the manner described in note 26.3.

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. Summary of significant accounting policies (continued)

3.14 Financial assets (continued)

3.14.3 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.

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.

3.14.4 Loans and receivables

Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are initially measured at fair value, plus transaction costs and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.14.5 Impairment of financial assets

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

3. Summary of significant accounting policies (continued)

3.14 Financial assets (continued)

3.14.5 Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.14.6 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

3.15 Financial liabilities and equity instruments issued by the Company

3.15.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.15.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3.15.3 Treasury shares

Treasury shares are presented in the statement of financial position as a deduction from equity, and the acquisition of treasury shares are presented in the financial statements as a change in equity. Treasury shares are not reported as an asset. Additionally, no gain or loss is recognised in the income statement on the sale, issuance or cancellation of treasury shares and consideration received is presented in the financial statements as a change in equity.

3. Summary of significant accounting policies (continued)

3.15 Financial liabilities and equity instruments issued by the Company (continued)

3.15.4 Financial liabilities

Trade and other payables and finance lease liability are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised by applying the effective interest rate, except for short term payables when the recognition of interest would be immaterial.

3.15.5 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

3.16 Dividend distribution

Dividend distribution to the Company's Shareholders is recognised as liability in the Company's financial statements in the period in which the dividends are approved by the Company's Shareholders.

4. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in Note 3, management has made judgements that have the most significant effect on the amounts recognised in the financial statements and applied certain assumptions, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below:

4.1 Critical judgments in applying accounting policies

4.1.1 Classification of investments

Management designates at the time of acquisition of securities whether these should be classified as at FVTOCI or FVTPL. In judging whether investments in securities are as at FVTOCI or FVTPL, Management has considered the detailed criteria for determination of such classification as set out in IFRS 9 Financial Instruments and accordingly management is satisfied that its investments in securities are appropriately classified.

4.1.2 Revenue recognition

Management has considered the detailed criteria for the recognition of revenue from the sale of goods set out in International Accounting Standard 18: Revenue, and in particular whether the Company had transferred risks and rewards of ownership of the goods. Based on the acceptance by the customer of the liability for the goods sold, management is satisfied that the significant risks and rewards have been transferred and the recognition of the revenue is appropriate.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

4.1.3 Allowance for doubtful debts

Allowance for doubtful debts is determine using a combination of factors to ensure that the trade receivables are not overstated due to uncollectability. The allowance for irrecoverable debts for all customers is based on a variety of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial conditions and collateral requirements from customers in certain circumstances. Also, specific allowances for individual accounts are recorded when the Company become aware of the customer's inability to meet his financial obligations.

4.1.4 Allowance for slow moving inventories

a) Inventories of spares parts are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balance. Factors influence these adjustments include technological changes, physical deterioration and quality issues.

b) Inventories – others are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made at the product level for estimated excess, obsolescence or impaired balance. Factors influence these adjustments include changes in demand, technological changes, physical deterioration and quality issues.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Impairment of trade receivables

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. This determination of whether these trade receivables are impaired, entails the Company evaluating, the credit and liquidity position of the customers, historical recovery rates and collateral requirements from certain customers in certain circumstances. The difference between the estimated collectible amount and the carrying amount is recognised as an expense in the profit or loss. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognised in the profit or loss at the time of collection.

4.2.2 Inventories

Inventories are stated at the lower of cost or net realisable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product group level for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the above factors, the Company has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

4.2.3 Property, plant and equipment

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance program and technological obsolescence arising from changes and the residual value. The management has not considered any residual value as it is deemed immaterial.

4.2.4 Valuation of unquoted equity instruments

Valuation of unquoted equity investments is normally based on one of the following:

- Recent arms length market transactions;
- Current fair value of another instrument that is substantially the same;
- The expected cash flows discounted at current rates applicable for the items and with similar terms and risk characteristics; or
- Other valuation models

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Company calibrates the valuation techniques periodically and tests them for validity using either prices from observable current market transactions in the same instrument or from other available observable market data.

4.2.5 Fair value of investment properties

The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the Company determined the amount within a range of reasonable fair value estimates. In making its judgment, the Company considered recent prices of similar properties in the same location and similar conditions, with adjustments to reflect any changes in the nature, location or economic conditions since the date of the transactions that occurred at those prices. Such estimation is based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

5. Property, plant and equipment

	Building and roads AED	Plant and machinery AED	Power stations AED	Vehicles and equipment AED	IT Computer & Hardware AED	Capital work in progress and spares AED	Total AED
Cost							
At 31 December 2015	154,434,012	912,065,017	390,567,880	16,172,383	4,812,459	32,562,961	1,510,614,712
Additions	-	14,006,593	-	87,000	425,470	65,663,554	80,182,617
Transfers	-	2,010,447	-	-	-	(2,010,447)	-
At 31 December 2016	154,434,012	928,082,057	390,567,880	16,259,383	5,237,929	96,216,068	1,590,797,329
Additions	-	17,351,617	-	393,000	236,620	51,939,967	69,921,204
Transfers	1,024,052	8,186,953	-	-	4,592,455	(13,803,460)	-
At 31 December 2017	**155,458,064**	**953,620,627**	**390,567,880**	**16,652,383**	**10,067,004**	**134,352,575**	**1,660,718,533**
Accumulated depreciation							
At 31 December 2015	121,033,678	545,459,544	72,619,309	15,603,377	3,879,132	-	758,595,040
Charge for the year	5,930,997	36,931,176	11,251,838	286,983	886,393	-	55,287,387
At 31 December 2016	126,964,675	582,390,720	83,871,147	15,890,360	4,765,525	-	813,882,427
Charge for the year	1,830,886	36,514,045	11,251,838	227,017	681,674	-	50,505,460
At 31 December 2017	**128,795,561**	**618,904,765**	**95,122,985**	**16,117,377**	**5,447,199**	-	**864,387,887**
Carrying amount							
At 31 December 2017	**26,662,503**	**334,715,862**	**295,444,895**	**535,006**	**4,619,805**	**134,352,575**	**796,330,646**
At 31 December 2016	27,469,337	345,691,337	306,696,733	369,023	472,404	96,216,068	776,914,902

5. Property, plant and equipment (continued)

(i) At 31 December 2017 the cost of fully depreciated property, plant and equipment that was still in use amounted to AED 501,513,478 (2016: AED 478,016,772).

(ii) Capital work-in-progress represents expenditure incurred in setting up new facilities, which are capitalised when they are put to commercial use. Depreciation on capital work-in-progress is not charged until such time as these assets are completed and transferred to the respective category of property, plant and equipment. During the year AED 13,803,460 (2016: AED 2,010,447) has been capitalised upon completion of respective capital assets.

(iii) The factory and its related buildings are constructed on plots of land leased from the Government of Ras Al Khaimah.

(iv) All property, plant and equipment are located in UAE.

(v) The useful lifes of property, plant and equipment is disclosed in Note 3.9.

6. Investment property

	2017 AED	2016 AED
Fair value, at the end of the year	**8,253,725**	8,253,725

Investment property represents plots of land in Ras Al Khaimah.

The fair value of the Company's investment property at 31 December 2017 has been arrived at on the basis of a valuation carried out at that date by independent valuers that are not related to the Company. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. There has been no change to valuation technique compared to previous years and during the year.

At 31 December 2017 and 2016 the Company's investment properties are classified as Level 3 in the fair value hierarchy and there were no transfers between Levels 1,2,3 during the year 2017 and 2016.

7. Investments in securities

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

	2017 AED	2016 AED
Quoted	**37,436,991**	37,950,983
Unquoted	**2,081,260**	2,081,260
	39,518,251	40,032,243

7. Investments in securities (continued)

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

	2017 AED	2016 AED
In U.A.E.	**629,862**	607,500
In other countries	**38,888,389**	39,424,743
	39,518,251	40,032,243

The cumulative change in fair value of investments carried at FVTOCI amounting to AED 172,867,317 (2016: AED 172,922,454) is shown under equity.

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

	2017 AED	2016 AED
Quoted	**51,359,841**	53,406,004
In U.A.E.	**30,326,387**	29,213,196
In other GCC countries	**21,033,454**	24,192,808
	51,359,841	53,406,004

Movements on investments in securities were as follows:

	2017 AED	2016 AED
Fair value of investments at the beginning of the year	**93,438,247**	125,859,025
Additions made during the year	**4,173,614**	2,411,225
Disposals made during the year	**(5,141,942)**	(10,436,356)
Unrealised loss on revaluation of investments carried at FVTPL	**(1,646,964)**	(19,657,843)
Increase/(decrease) in the fair value of investments carried at FVTOCI	**55,137**	(4,737,804)
Fair value of investments at the end of the year	**90,878,092**	93,438,247

8. Trade and other receivables

	2017 AED	2016 AED
Trade receivables	**132,647,095**	123,503,697
Other receivables	**17,034,259**	21,745,677
Receivable from sale of an associate	**6,000,000**	6,000,000
	155,681,354	151,249,374
Receivable from sale of an associate due after one year	**(4,500,000)**	(5,500,000)
	151,181,354	145,749,374

Analysis of trade receivables are set out below:

	2017 AED	2016 AED
Secured against unconditional bank guarantees	**92,096,724**	95,509,255
Secured against letter of credit	**20,800,110**	18,377,358
Unsecured	**19,750,261**	9,617,084
	132,647,095	123,503,697

The average credit period on sales of goods is 140 days.

Before accepting new customers, the Company generally obtains bank guarantees or letter of credit from the potential customers. Of the trade receivable balance at 31 December 2017 AED 35 million (27%) (2016: AED 29 million (23%)) is due from the Company's largest customer. There are 4 (2016: 8 customers) other customers who represent about 53% (2016: 62%) of the total balance of trade receivables.

Included in the Company's trade receivable balance are debtors with a carrying amount of AED 5.5 million (2016: AED 13 million) which are past due at the reporting date against the Company has not provided any allowances for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable. The past due balance of AED 5.5 million (2016: AED 13 million) is fully secured by bank guarantees or letters of credits. The average age of these receivables is 180 days (2016: 180 days).

In determining the recoverability of a trade receivable, the Company considers any significant change in the credit quality of the trade receivable from the date credit was initially granted upto the reporting date. Since the majority of trade receivables are secured against bank guarantees or letters of credit, the directors believe that no additional allowance for doubtful debts is required.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

9. Inventories

	2017 AED	2016 AED
Finished goods	5,033,031	9,053,550
Raw materials	9,429,631	15,875,539
Work in progress	11,032,019	7,446,295
Bags, fuel and lubricants	21,519,930	22,291,438
	47,014,611	54,666,822
Spare parts - maintenance department	121,730,799	125,243,942
Consumable items	24,182,335	21,123,353
Tools	459,390	382,359
	146,372,524	146,749,654
Allowance for slow-moving inventories	(18,201,820)	(18,201,820)
	128,170,704	128,547,834
	175,185,315	183,214,656

10. Bank balances and cash

	2017 AED	2016 AED
Cash on hand	52,301	36,063
Bank balances:		
Current accounts	4,664,883	8,584,307
Call deposits	3,819,395	5,278,508
Short term deposits	69,510,250	152,500,000
	77,994,528	166,362,815
Total bank balances and cash	78,046,829	166,398,878
Less : Fixed deposits with original maturity greater than three months	(18,000,000)	(67,000,000)
Cash and cash equivalents	60,046,829	99,398,878
Bank balances		
In U.A.E.	75,496,988	162,682,865
In other GCC countries	2,497,540	3,679,950
	77,994,528	166,362,815

Notes to the financial statements
for the year ended 31 December 2017 (continued)

11. Share capital

	2017 AED	2016 AED
Issued and fully paid:		
821,096,820 ordinary shares of AED 1 each	**821,096,820**	821,096,820

During the year ended 31 December 2016, the Company bought back 500,000 ordinary shares from the stock market for a total cash consideration of AED 451,248. These shares are held as treasury shares as at 31 December 2017 and 31 December 2016. This buyback program of up to 10% of the Company's shares was approved by the Securities and Commodities Authority and the Company's shareholders. The fair value of these securities as at 31 December 2017 is AED 465,000 (2016: AED 500,000).

12. Reserves

a) 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 for the year is transferred to the statutory reserve and another 10% to the voluntary reserve. The transfer to statutory reserve shall 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 shall be suspended by the 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 2015	355,385,062	146,689,411	502,074,473
Transferred to retained earnings (b)	-	(25,000,000)	(25,000,000)
Movement during the year 2016	5,011,570	5,011,569	10,023,139
Balance at 31 December 2016	360,396,632	126,700,980	487,097,612
Transferred to retained earnings (b)	-	(35,000,000)	(35,000,000)
Movement during the year 2017	4,061,345	4,061,345	8,122,690
Balance at 31 December 2017	**364,457,977**	**95,762,325**	**460,220,302**

b) At the Annual General Meeting held on 12 April 2017, the shareholders approved the transfer of AED 35 million from voluntary reserve to retained earnings (2016: approved the transfer of AED 25 million from voluntary reserve to retained earnings).

Notes to the financial statements
for the year ended 31 December 2017 (continued)

13. Provision for employees' end of service indemnity

Movements in the net provision for employees' end of service indemnity were as follows:

	2017 AED	2016 AED
Balance, at the beginning of the year	11,426,760	11,767,197
Amounts charged to income during the year	1,197,535	710,637
Amounts paid during the year	(761,321)	(1,051,074)
Balance, at the end of the year	**11,862,974**	11,426,760

14. Finance lease liability

During 2012, The Company entered into a leasing 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 installments over the term of the lease of five years, the Company has utilized AED 146,301,950 (2016: 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 31 December		Present value of minimum lease payments 31 December	
	2017 AED	2016 AED	2017 AED	2016 AED
Due within one year	31,952,205	31,782,101	30,579,575	29,557,149
Due in the second through fifth year	15,976,103	47,673,152	15,744,434	46,275,280
	47,928,308	79,455,253	46,324,009	75,832,429
Less: Embedded future finance costs	(1,604,299)	(3,622,824)	-	-
	46,324,009	75,832,429	46,324,009	75,832,429

Included in the financial statements as:

	2017 AED	2016 AED
Current portion of finance lease liability	30,579,575	29,557,149
Non-current portion of finance lease liability	15,744,434	46,275,280
	46,324,009	75,832,429

Notes to the financial statements
for the year ended 31 December 2017 (continued)

15. Related party transactions

Related parties include the Company's major Shareholders, directors and businesses controlled by them and their families over which they exercise significant management influence as well as key management personnel.

Compensations of Key Management Personnel and the Board of Directors

	2017 AED	2016 AED
Board of Directors' remuneration	**1,598,000**	1,598,000
Attendance expenses for Board of Directors and Committees' meetings	**811,700**	976,205
Key management staff:		
Short-term benefits	**3,095,594**	2,706,313
Long-term benefits	**599,886**	513,549

16. Trade and other payables

	2017 AED	2016 AED
Trade payables	**54,421,193**	44,037,752
Dividend payable	**27,447,385**	24,878,323
Accrued expenses	**15,810,276**	33,257,875
Other payables	**6,893,799**	4,744,948
	104,572,653	106,918,898

The average credit period on purchase of goods is 60 days (2016: 60 days).

17. Revenue

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

	2017 AED	2016 AED
Local sales	**168,660,932**	142,373,735
Export sales	**414,543,000**	418,231,264
	583,203,932	560,604,999

Revenue includes AED 395,564,809 which represents - 68% of total revenue (2016: AED 443,831,812 which represents - 79% of total revenue) from 7 (2016: 7) customers.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

18. Cost of sales

	2017 AED	2016 AED
Raw material used in production	**142,685,838**	122,384,551
Fuel	**221,972,780**	171,300,212
Electricity	**15,283,570**	22,787,038
Water	**32,211,156**	16,944,178
Payroll and related expenses	**28,828,900**	25,984,715
Spare parts consumption & Consumable	**14,334,382**	10,556,395
Other direct operating expenses	**17,199,316**	14,669,784
Depreciation of property, plant and equipment	**50,505,460**	55,287,387
Total manufacturing costs	**523,021,402**	439,914,260
Decrease in inventory of finished and semi-finished goods	**434,795**	27,423,811
	523,456,197	467,338,071

19. Investment income

	2017 AED	2016 AED
Unrealised loss on investments carried at FVTPL	**(1,646,964)**	(19,657,843)
Loss on disposal of investments carried at FVTPL	**(328,243)**	(2,043,561)
Interest income	**2,096,339**	4,021,595
Dividend received	**3,673,516**	4,449,367
	3,794,648	(13,230,442)

20. Other income

Other income includes AED 14,000,000 (2016: AED 12,000,000) being reversal of provision no longer required.

21. Basic earnings per share

	2017	2016
Profit for the year (in AED)	**40,613,451**	50,115,695
Weighted average number of shares	**820,596,820**	820,984,798
Basic earnings per share (in AED)	**0.05**	0.06

The denominator for the purpose of calculating basic earnings per share has been adjusted to reflect the buyback of own shares (Note 11).

There were no potentially dilutive shares as at 31 December 2017 and 2016.

22. Social contributions

The Social contributions (including donations and charity) made during the year amounting to AED 235,584 (2016: AED 311,470).

23. Dividend

At the Board meeting held on 14 February 2018, the Board of Directors proposed a cash dividend at 8 % of share capital amounting to AED 65.65 million for the year ended 31 December 2017 (2016: approved cash dividends at 10% of share capital amounting to AED 82.1 million for the year 2016). The Board of Directors also proposed to transfer AED 50 million from "voluntary reserve" to "retained earnings". It has been also proposed that the Board of Directors remuneration for the year ended 31 December 2017 to be AED 1.3 million.

24. Commitments and contingent liabilities

	2017 AED	2016 AED
Letters of credit	**1,537,598**	3,493,449
Letters of guarantee	**200,000**	200,000

25. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debts and equity balance.

The capital structure of the Company consists of bank balances and cash and equity, comprising issued share capital, reserves and retained earnings.

The Company reviews the capital structure on a semi-annual basis. As part of this review, the Company considers the cost of capital and the risks associated with capital.

26. Financial instruments

The Company is exposed to a range of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its investment contracts. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and financial liabilities are interest rate risk and equity price risk.

Notes to the financial statements
for the year ended 31 December 2017 (continued)

26. Financial instruments (continued)

26.1 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the financial statements.

26.2 Categories of financial instruments

	2017 AED	2016 AED
Financial assets		
Loans and receivables (including bank balances and cash)	**222,458,380**	303,090,978
Investments carried at FVTPL	**51,359,841**	53,406,004
Investments carried at FVTOCI	**39,518,251**	40,032,243
	313,336,472	396,529,225
Financial liabilities		
Finance lease liability	**46,324,009**	75,832,429
Other financial liabilities	**102,761,776**	106,303,585
	149,085,785	182,136,014

The directors consider that the carrying amounts of the financial assets and financial liabilities recorded in the financial statements approximate their fair values.

26.3 Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices at the close of the business on the reporting date.

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

26. Financial instruments (continued)

26.3 Fair value measurement (continued)

26.3.1 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 31 December 2017 AED'000	31 December 2016 AED'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
Quoted equity investments – FVTOCI	**37,437**	37,951	Level 1	Quoted bid prices in an active market.	None.	NA
Unquoted equity investments – FVTOCI	**2,081**	2,081	Level 3	Net assets valuation method.	Net assets value.	Management has used net assets valuation method, which is appropriate fair value as per management.
Quoted equity instruments – FVTPL	**51,360**	53,406	Level 1	Quoted bid prices in an active market.	None.	NA

26.3.2 Fair value hierarchy

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).
- 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).

Notes to the financial statements
for the year ended 31 December 2017 (continued)

26. Financial instruments (continued)

26.3 Fair value measurement (continued)

26.3.2 Fair value hierarchy (continued)

31 December 2017

	Level 1 AED	**Level 2 AED**	**Level 3 AED**	**Total AED**
Investment property	-	-	8,253,725	**8,253,725**
Financial assets at FVTPL	51,359,841	-	-	**51,359,841**
FVTOCI				
Quoted equities	37,436,991	-	-	**37,436,991**
Unquoted equities	-	-	2,081,260	**2,081,260**
	88,796,832	**-**	**10,334,985**	**99,131,817**

31 December 2016

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Investment property	-	-	8,253,725	8,253,725
Financial assets at FVTPL	53,406,004	-	-	53,406,004
FVTOCI				
Quoted equities	37,950,983	-	-	37,950,983
Unquoted equities	-	-	2,081,260	2,081,260
	91,356,987	-	10,334,985	101,691,972

There were no transfers between 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.

26.4 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity price risk.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

26. Financial instruments (continued)

26.5 Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2017	2016	**2017**	2016
	AED	AED	**AED**	AED
US Dollars	**61,195,446**	83,414,068	**22,034,741**	25,634,610
Euro	**136,570**	67,928	**-**	-
Kuwaiti Dinar	**-**	-	**52,237,973**	54,779,898
Japanese Yen	**10,039**	32,148	**-**	-
Others	**-**	-	**9,399,920**	10,238,463

26.6 Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollars (USD), Kuwaiti Dinar, Euro and Japanese Yen. Based on the sensitivity analysis to a 10% increase or decrease in the AED against Kuwaiti Dinar, Euro and Japanese Yen, the Company's profit for the year ended 31 December 2017 and equity as of 31 December 2017 would have increased or decreased by approximately AED 6.2 million (2016: AED 6.5 million). There is no impact on USD because of dollar peg. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

26.7 Interest rate risk management

The Company's exposure to interest rate risk is limited to call and short term deposits with banks at fixed interest rates and borrowings at floating rates of interest linked to LIBOR for some facilities and EIBOR for certain other facilities. At 31 December 2017 bank deposits carried an interest rate in the range of 1.25% to 3.3% per annum (31 December 2016: 1.8% to 2.25% per annum).

The Company's sensitivity to interest rates has not changed significantly from the prior year.

26. Financial instruments (continued)

26.8 Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The credit risk associated with the Company's trade receivables is considered limited as the Company holds receivables amounting to AED 112,896,834 (2016: AED 113,886,613) fully covered by unconditional bank guarantees and letters of credit to secure the collectability of these trade receivables. Ongoing credit evaluation is performed on the financial condition of trade receivable.

Credit risk with respect to concentration of trade receivables by geographical area is as follows:

	2017 AED	2016 AED
United Arab Emirates	**122,627,501**	95,386,829
Other Gulf Cooperation Council countries	**10,019,594**	28,116,868
	132,647,095	123,503,697

At the reporting date, 5 customers accounted for 80% of total outstanding trade receivables (2016: 9 customers, 85%).

The credit risk on liquid funds is limited because the counter parties are banks registered in United Arab Emirates or other GCC Countries.

26.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

26. Financial instruments (continued)

26.9 Liquidity risk management (continued)

The table below summarises the maturity profile of the Company's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure that adequate liquidity is maintained. The maturity profile of the assets and liabilities at the reporting date based on contractual repayment arrangements was as follows:

31 December 2017

	Less than 30 days AED	30-180 days AED	181-360 days AED	After 360 days AED	Total AED
Financial assets					
Investment at FVTOCI	-	-	-	39,518,251	**39,518,251**
Trade and other receivables	127,954,583	9,597,307	2,359,661	4,500,000	**144,411,551**
Investments at FVTPL	51,359,841	-	-	-	51,359,841
Bank balances and cash	45,536,579	32,510,250	-	-	**78,046,829**
	224,851,003	42,107,557	2,359,661	44,018,251	**313,336,472**
Financial liabilities					
Trade and other Payables	52,610,316	50,151,460	-	-	**102,761,776**
Finance lease liability	-	-	30,579,575	15,744,434	**46,324,009**
	52,610,316	50,151,460	30,579,575	15,744,434	**149,085,785**

Notes to the financial statements
for the year ended 31 December 2017 (continued)

26. Financial instruments (continued)

26.9 Liquidity risk management (continued)

31 December 2016

	Less than 30 days AED	30-180 days AED	181-360 days AED	After 360 days AED	Total AED
Financial assets					
Investment at FVTOCI	-	-	-	40,032,243	40,032,243
Trade and other receivables	96,356,266	13,575,809	21,260,025	5,500,000	136,692,100
Investments at FVTPL	53,406,004	-	-	-	53,406,004
Bank balances and cash	42,498,878	123,900,000	-	-	166,398,878
	192,261,148	137,475,809	21,260,025	45,532,243	396,529,225
Financial liabilities					
Trade and other payables	44,037,752	62,265,833	-	-	106,303,585
Finance lease liability	-	-	29,557,149	46,275,280	75,832,429
	44,037,752	62,265,833	29,557,149	46,275,280	182,136,014

26.10 Equity price risk

Sensitivity analysis

At the reporting date if the equity prices are 10% higher/lower as per the assumptions mentioned below and all the other variables were held constant the Company's statement of income and comprehensive income would have increased/decreased by AED 5.14 million (2016: AED 5.34 million) and by AED 3.95 million (2016: AED 4 million) respectively.

26. Financial instruments (continued)

26.10 Equity price risk (continued)

***Sensitivity analysis* (continued)**

Method and assumptions for sensitivity analysis

- The sensitivity analysis has been done based on the exposure to equity price risk as at the reporting date.
- As at the reporting date if equity prices are 10% higher/lower on the market value uniformly for all equities while all other variables are held constant, the impact on profit or loss and other comprehensive income has been shown above.
- A 10% change in equity prices has been used to give a realistic assessment as a plausible event.

26.11 Price risk

The Company has exposure to market price risk which has significant impact on it revenue, results of operations and cash flows which can vary with fluctuations in the market prices. These are affected by factors outside the Company's control, including the market forces of supply and demand and regulatory issues. The Company mitigates the price risk through entering in to long term contracts with certain customers as well as focusing on new markets for export.

27. Segment information

The Company is organised into two main segments:

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

Notes to the financial statements
for the year ended 31 December 2017 (continued)

27. Segment information (continued)

	2017				2016			
	Manufacturing AED	**Investments AED**	**Other AED**	**Total AED**	Manufacturing AED	Investments AED	Other AED	Total AED
Segment revenue	**583,203,932**	**-**	**-**	**583,203,932**	560,604,999	-	-	560,604,999
Segment result	**36,818,803**	**3,794,648**	**-**	**40,613,451**	63,346,137	(13,230,442)	-	50,115,695
Segment assets	**1,121,197,315**	**178,461,462**	**4,717,184**	**1,304,375,961**	1,105,378,932	265,470,480	8,620,370	1,379,469,782
Segment liabilities	**162,759,636**	**-**	**-**	**162,759,636**	194,178,087	-	-	194,178,087

There are no transactions between the segments.

28. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 14 February 2018.