NATIONAL CEMENT COMPANY
(PUBLIC SHAREHOLDING CO.)
DUBAI

Annual report and financial statements

Year ended December 31, 2012

National Cement Company (Public Shareholding Co.), Dubai

Annual report and financial statements for the year ended December 31, 2012

Contents

شركة الإسمنت الوطنية.ش.م.ع.
National Cement Co. p.s.c.

Board of Directors Report for the year ended on 31.12. 2012

Dear Shareholders
"Assalam Alikum"

On behalf of the Board of Directors of National Cement Company (PSC), Dubai, and myself we are pleased to welcome you and would like to thank all the shareholders for attending this General Assembly Meeting. It is our pleasure to put forward a brief report about the results of the company based on the Audited Financial Statements for the year 2012.

First: Production and Sales

The production of all type of cement for the year 2012 was 827,885 metric tons based on the market demand while the corresponding sales in value was AED.191,425,000/-

Second: Projects Undertaken

1) The Coal Mill Project was implemented from 21st May, 2012 and successfully commissioned in December 2012.
2) The use of alternative fuel (coal dust) from 1st November 2012.
3) The cost of fuel consumption has been reduced by the company from AED.184/- to AED. 51.05 per ton of clinker produced after implementation of the Coal Mill
4) The cost of raw materials has also been reduced by AED.6.88 per ton by using alternative materials of low value
5) The cost of electricity has been reduced by AED.4.50 per ton

Third: Profit

The profit for the year ended 31st December 2012 amounts to AED.68, 301,000/-. After discussion on the financial statements the Board of Directors have recommended paying dividend and appropriation of profit for the year 2012 as under:

1) A cash payment of 20% of paid up capital.
2) Since the Statutory Reserve is already 50% of the paid up capital, there is no need to transfer any further amount.
3) Since the General Reserve is already more than 10% of the paid up capital there is no need to transfer any further amount.
4) The Directors fees have been fixed at AED. 250,000/- for each sitting Director.

Fourth : Balance Sheet

The company has completed its annual accounts and prepared the financial statements for the year ended 31.12.2012 and handed it over to the auditors M/S. B.D.O. Chartered Accountants and Advisors to audit and provide their report and opinion on the financial statement.

The Board of Directors on the occasion of closing of accounts of the company would finally like to thank all concerned who have contributed their efforts in development of the company and express good wishes to the management and employees in their future endeavors.

"Assalam Alikum"

CHAIRMAN

ABDULLA AHMED AL- GHURAIR

هاتف : ٢٨٦٩ ٢٢٢ ٤ ٩٧١+
فاكس : ٠١٥١ ٢٢٧ ٤ ٩٧١+

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Independent Auditors' Report

To the shareholders of National Cement Company (Public Shareholding Co.), Dubai

Report on the financial statements

We have audited the accompanying financial statements of National Cement Company (Public Shareholding Co.), Dubai ("the Company"), which comprise the statement of financial position as at December 31, 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of National Cement Company (Public Shareholding Co.), Dubai as at December 31, 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the UAE Commercial Companies Law No. 8 of 1984 (as amended) or of the constitution of the Company came to our attention, which would materially affect the Company's financial position.

In our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The Company has also conducted stocktaking in accordance with established principles and the financial information contained in the Directors' report conforms to the financial statements.

BDO CHARTERED ACCOUNTANTS & ADVISORS
Yunus Yusuf Saifee
Reg. No. 418
March 10, 2013
Dubai

National Cement Company (Public Shareholding Co.), Dubai

Statement of financial position at December 31, 2012

	Note	AED'000	2011 AED'000
Non current assets			
Property, plant and equipment	5	206,516	183,394
Investment properties	6	2,924	2,924
Investment in marketable securities	7	1,060,595	1,426,801
Investment in an associate	8	69,679	78,723
Loan receivable from associate-long term	9	388,000	-
Total non current assets		1,727,714	1,691,842
Current assets			
Investment in marketable securities	7	950	811
Loan receivable from associate-short term	9	25,000	-
Inventories	10	86,009	57,645
Trade and other receivables	11	142,525	161,454
Due from related parties	12	56,097	149,509
Bank balances and cash	13	30,304	21,125
Total current assets		340,885	390,544
Current liabilities			
Bank loan	14	25,000	139,489
Trade and other payables	15	50,614	41,716
Due to related parties	12	20,754	4,142
Total current liabilities		96,368	185,347
Net current assets		244,517	205,197
Non current liabilities			
Provision for employees' end of service gratuities	16	(23,380)	(25,228)
Bank loan	17	(388,000)	-
Net assets		1,560,851	1,871,811
Equity			
Share capital	18	358,800	358,800
Share application money		26	26
Fair value reserve	19	426,614	714,665
General reserve	20	316,517	316,517
Statutory reserve	21	179,402	179,402
Foreign exchange translation reserve	8	(17,949)	-
Retained earnings		297,441	302,401
Total equity		1,560,851	1,871,811

The financial statements were approved and authorised for issue by the Board of Directors on March 10, 2013 and were signed on its behalf by:

Director

Director

The notes on pages 7 to 34 form part of these financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Statement of comprehensive income for the year ended December 31, 2012

	Note	AED'000	2011 AED'000
Revenue		191,425	185,501
Cost of sales	22	(164,033)	(188,395)
Gross profit/ (loss)		27,392	(2,894)
Other income	23	13,773	13,458
		41,165	10,564
Administration, selling and general expenses	24	(30,604)	(30,038)
Finance costs	25	(5,596)	(3,657)
Share of net profit in associate	8	552	4,749
Profit/ (Loss) before financial income and expense		5,517	(18,382)
Financial income	26	62,783	82,806
Net profit for the year		68,300	64,424
Net movement in fair value of available for sale investme	7	(297,093)	83,238
Share of other comprehensive income of associate	8	(17,949)	-
Other comprehensive income for the year		(315,042)	83,238
Total comprehensive income for the year		(246,742)	147,662
Basic and diluted earnings per share (AED)	27	0.19	0.18

The notes on pages 7 to 34 form part of these financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Statement of changes in equity for the year ended December 31, 2012

	Share capital AED'000	Share application money AED'000	Development & investment reserve AED'000	Fair value reserve AED'000	General reserve AED'000	Statutory reserve AED'000	Foreign exchange :ranslation reserve AED'000	Retained earnings AED'000	Total AED'000
Balance at January 1, 2011	358,800	26	300,000	603,705	69,000	126,919	-	311,237	1,769,687
Dividend paid during the year	-	-	-	-	-	-	-	(71,760)	(71,760)
Total comprehensive income for the year	-	-	-	83,238	-	-	-	64,424	147,662
Transfer on derecognition of investments to statement of comprehensive income	-	-	-	27,722	-	-	-	-	27,722
Transfer to general reserve	-	-	(247,517)	-	247,517	-	-	-	
Transfer to statutory reserve	-	-	(52,483)	-	-	52,483	-	-	-
Directors' fee	-	-	-	-	-	-	-	(1,500)	(1,500)
Balance at December 31, 2011	**358,800**	**26**	**-**	**714,665**	**316,517**	**179,402**	**-**	**302,401**	**1,871,811**
Dividend paid during the year	-	-	-	-	-	-	-	(71,760)	(71,760)
Total comprehensive income for the year	-	-	-	(297,093)	-	-	(17,949)	68,300	(246,742)
Transfer on derecognition of investments to statement of comprehensive income	-	-	-	9,042	-	-	-	-	9,042
Directors' fee	-	-	-	-	-	-	-	(1,500)	(1,500)
Balance at December 31, 2012	**358,800**	**26**	**-**	**426,614**	**316,517**	**179,402**	**(17,949)**	**297,441**	**1,560,851**

The notes on pages 7 to 34 form part of these financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Statement of cash flow for the year ended December 31, 2012

	Note	AED'000	2011 AED'000
Cash flows from operating activities			
Net profit for the year		68,300	64,424
Adjustments for:			
Depreciation	5	13,117	14,157
Gain on disposal of property, plant and equipment	23	(807)	(166)
Provision for employees' end of service gratuities	15	2,125	1,496
Financial income and expense (net)	26	(62,783)	(82,806)
Gain/(loss) on disposal of investments in marketable securitie	26	326	(5,983)
Share of net profit of an associate	8	(552)	(4,749)
Operating profit/ (loss) before working capital changes		19,726	(13,627)
(Increase) / Decrease in inventories	10	(28,364)	26,289
Decrease/ (Increase) in trade and other receivables	11	18,929	(56,925)
Decrease / (Incresae) in due from related parties	12	93,412	(100,211)
Increase/(Decrease) in trade and other payables	15	8,898	(60,024)
Increase in due to related parties	12	16,612	1,731
Payment of end of service benefits	16	(3,973)	(3,090)
Net cash from/ (used in) operating activities		125,240	(205,857)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(36,242)	(4,551)
Purchase of investment in marketable securities	7	(201,609)	(311,371)
Increase in investment in associate	8	(8,353)	-
Increase in loan receivable from associate	9	(413,000)	-
Proceeds from disposal of property, plant and equipment		810	166
Proceeds from disposal of investment in marketable securitie	7	279,625	398,341
Dividend income	26	30,946	23,379
Interest income	26	31,511	65,410
Net cash (used in)/ from investing activities		(316,312)	171,374
Cash flows from financing activities			
Dividend paid	21	(71,760)	(71,760)
Director's fee		(1,500)	(1,500)
Increase in bank loans	14	273,511	139,489
Net cash from financing activities		200,251	66,229
Net increase in cash and cash equivalents		9,179	31,746
Cash and cash equivalents at beginning of the year		21,125	(10,621)
Cash and cash equivalents at end of the year	13	30,304	21,125

The notes on pages 7 to 34 form part of these financial statements.

1. Status and activities

National Cement Company (Public Shareholding Co.), Dubai ("the Company") is registered in accordance with the decree issued by His Highness Ruler of Dubai on April 10, 1968 establishing a cement company in the Emirate of Dubai and in accordance with the provisions of the UAE Commercial Companies Law No. 8 of 1984 (as amended). The registered address of the Company is P.O. Box 4041, Dubai, United Arab Emirates.

The principal activity of the Company is to manufacture and sell cement and cement related products. The Company also invests in investment securities and derivative products. The Company was listed on the Dubai Financial Market in 2005.

The financial statements for the year ended December 31, 2012 were authorized for issue by the Board of Directors on March 10, 2013.

These financial statements are presented in thousand of UAE Dirhams (AED'000) unless otherwise stated.

2. Adoption of new and revised standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for annual periods beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

New standards, interpretations and amendments not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective for annual periods beginning on or after 1 January 2012:

- ***Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities* (Effective for annual periods beginning on or after 1 January 2013)**

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Company's financial position or performance and becomes effective for annual periods beginning on or after 1 January 2013.

2. Adoption of new and revised standards (*Continued*)

- ***IFRS 9 'Financial instruments'*** **(Effective for annual periods beginning on or after 1 January 2013)**

  The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

  The company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no earlier than the accounting period beginning on or after 1 January 2015.

- ***IFRS 12 'Disclosures of interests in other entities'*** **(Effective for annual periods beginning on or after 1 January 2013)**

  The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- ***IFRS 13 'Fair value measurement'*** **(Effective for annual periods beginning on or after 1 January 2013)**

  The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The company is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2013.

2. Adoption of new and revised standards (*Continued*)

- ***Amendments to IAS 1 Presentation of Items of Other Comprehensive Income*** **(Effective for annual periods beginning on or after 1 July 2012)**

  The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

- ***Amendments to IAS 19 Employee benefits (as revised in 2011)*** **(Effective for annual periods beginning on or after 1 January 2013)**

  The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in define benefit obligations and plan assets. The amendments require recognition of changes in defined benefit obligations and fair value changes of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exception.

- ***IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*** **(Effective for annual periods beginning on or after 1 January 2013)**

  As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after 1 January 2013.

2. Adoption of new and revised standards (*Continued*)

- ***Amendments to IAS 32 'Financial instruments: Presentation', on asset and liability offsetting*** **(Effective for annual periods beginning on or after 1 January 2014)**

  These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments to IAS 32 are effective for annual periods beginning on or after 1 January 2014 and require retrospective application.

3. Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Commercial Companies Law No. 8 of 1984 (as amended). The significant accounting policies adopted are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Capital work in progress is stated at cost. All costs related to specific assets incurred during the year are carried under this. These are transferred to specific assets when they are available for use.

Depreciation

Depreciation is provided consistently on a straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives as follows:

Buildings	3-14 years
Plant and machinery	3-25 years
Furniture, fixture and equipments	4-7 years
Motor vehicles	3 years

Investment properties

Investment properties are initially accounted for by using the cost model under International Accounting Standard 40 *Investment property* and subsequent measurements are done in accordance with the requirements of International Accounting Standard 16 *Property, plant and equipment* for that model.

Investment properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided consistently on a straight line basis so as to write off the cost of investment properties over their estimated useful lives. Land forming part of the investment properties is not depreciated. Buildings forming part of the investment properties have been depreciated from the date of acquisition on a straight line basis so as to write off the cost of buildings over their estimated useful life of 10 years.

3. Significant accounting policies (*Continued*)

Investment in associate

Where the Company has power to participate in but not control the financial and operating policy decisions of another entity, it is classified as an associate. Investment in associate is accounted for using the equity method and is initially recognized at cost.

The Company's share of the post-acquisition profit and losses is recognised in the statement of comprehensive income, except that losses in excess of the Company's investment in the associate are not recognised unless there is an obligation to make good the losses.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

Impairments

The carrying amounts of the Company's assets are reviewed annually at each date of statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw materials is based on weighted average cost basis and includes expenditure incurred in acquiring raw material and bringing them to their present location and condition. Cost of work in progress and finished goods is based on weighted average cost basis and includes cost of raw material and attributable production labour and overheads. Cost of consumables and spare parts are valued based on the weighted average cost basis. Net realisable value is based on the normal selling price, less cost expected to be incurred on disposal.

Financial assets

All financial assets are recognised and derecognised on trade date 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 are classified into the following specified categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. Significant accounting policies (*Continued*)

- Financial assets are classified as fair value through profit or loss when the financial asset is either a held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as 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 a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Loans and receivables comprise of trade receivables, due from related parties and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Available for sale financial assets are listed shares and listed redeemable notes held by the Company that are traded in an active market and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but are also classified as available for sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in statement of comprehensive income and accumulated in the fair value reserve. Impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to statement of comprehensive income.

Derivative financial instruments are categorized as held for trading unless they are designated as hedges. The Company has derivative instruments which do not qualify for hedge accounting. Changes in the fair value of such derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

3. Significant accounting policies (*Continued*)

Employees' end of service gratuities

Provision is made for employees' end of service gratuities on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

Under Federal Labour Law No.7 of 1999 for pension and social security, employers at the option of the employee are required to contribute 15% of the 'contribution calculation salary' of those employees who are UAE national to the scheme. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The UAE national's employed by the Company have not opted for this scheme and hence no expense is incurred by the Company on this scheme.

Provisions

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liabilities consist of trade and other payables, bank overdraft and due to related parties. The trade and other payables and due to related parties are stated at cost and bank overdrafts are recorded at the proceeds received less repayments. Other financial liabilities are initially measured at fair value, net of transaction costs. The subsequent measurement is at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

Revenue recognition

Revenue from the sales of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Interest income is accrued on a time basis. Rental income from investment properties is recognised on a straight line basis over the term of the relevant lease.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3. Significant accounting policies (*Continued*)

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Profit or loss attributable to ordinary shareholders will be adjusted for any after tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity. Diluted EPS is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Potential ordinary shares be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Exchange difference arising on translation of investment in associate is taken as part of other comprehensive income of the year.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash, bank balances, bank overdrafts and fixed deposits free of encumbrance with maturity periods of three months or less from the date of deposit.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. Critical accounting judgments and key sources of estimation uncertainty (*Continued*)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful life of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value or any adjustments for the remaining estimated useful life based on the internal review carried out.

Impairment of property, plant and equipment

The Company reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgment as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

Valuation of investment properties

The Company carries its investment properties under the cost model. Note 6 contain information about the valuation methodology adopted by the Company for the valuation of investment properties. Should the significant assumptions change, the fair value of investment properties could significantly impact the statement of comprehensive income and statement of financial position of the Company in the future.

Impairment losses on available for sale investments

The Company determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates factors such as change in market rate of the equity instruments since the purchase date of such instrument, the market scenario and the financial performance of the issuer.

Obsolete inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments have been made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing 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 judgments and key sources of estimation uncertainty (*Continued*)

Impairment losses on trade receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables and amounts due from related parties. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Exchange fluctuation on investment in associate

The Company does not consider the investment in associate which operates in Sudan to be an investment in a hyper inflationary economy. Hence any loss or gain arising on translation of financial statements of associate is taken to other comprehensive income of the year of the Company as foreign exchange translation reserve.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 33.

Some of the buildings with zero net book value are situated on plots of land obtained under operating lease arrangements which are renewable annually. The management is of the opinion that the leases are renewable and the land will be available to the Company in the foreseeable future.

6. Investment properties

Investment properties represent land and villas constructed on those lands held for rental purpose and for capital appreciation.

6. Investment properties (*Continued*)

Movement in investment properties is as follows:

	Land AED'000	Villas AED'000	Total AED'000
Cost			
At January 1, 2011	2,924	16,575	19,499
At December 31, 2011	2,924	16,575	19,499
At December 31, 2012	**2,924**	**16,575**	**19,499**
Depreciation			
At January 1, 2011	-	16,575	16,575
At December 31, 2011	-	16,575	16,575
At December 31, 2012	**-**	**16,575**	**16,575**
Net book value			
At December 31, 2012	**2,924**	**-**	**2,924**
At December 31, 2011	2,924	-	2,924

The fair market value of investment properties, including land, is estimated to be in the range of AED 45 million to AED 50 million (2011: AED 45 million to 50 million) as per the internal valuation carried out by the management. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals.

Land forming part of the investment properties is not depreciated.

Summary of income and expenses from investment properties generating rental income is as follows:

	AED'000	2011 AED'000
Rental income	2,768	2,607
Direct operating expenses	421	439

7. Investment in marketable securities

		2011
	AED'000	AED'000
Non current investments	1,060,595	1,426,801
Current investments	950	811
	1,061,545	1,427,612

Non current investments represents available for sale investments in securities which are intended to be held for more than one year from the date of statement of financial position. The Company's current investments comprise investments in quoted marketable equity securities which are held as available for sale investments.

Movement in available for sale investments at fair value are as follows:

		2011
	AED'000	AED'000
Opening balance	1,427,612	1,403,622
Additions	201,609	311,371
Disposals/redeemed	(279,625)	(398,341)
Reclassification adjustments on disposal of investments	9,042	27,722
Fair value changes	(297,093)	83,238
	1,061,545	1,427,612

During the year, the Company has recognised a fair value loss of AED 297.09 million (2011: AED 83.23 million gain), reclassified from equity to statement of comprehensive income, for investments not yet derecognised.

At the date of statement of financial position, investments amounting to AED 50.35 million (2011: AED 46.24 million) classified under non-current investments are stated at cost. In the opinion of the management, the fair value of these investments is not significantly different from their carrying amounts.

At the date of statement of financial position, Investments in marketable securities amounting to AED 293.4 million (2011: AED 324.21 million) are held in the personal name of one of the Company's Director.

Investments amounting to AED 715 million (2011: 237.58 million) are pledged with the bank against the loan of AED 413 million.

Sensitivity analysis on market risk arising as a result of changes in the market price of investments and foreign currency risk arising as a result of fluctuation in the foreign exchange rates is explained in Note 29 to the financial instruments.

7. Investment in marketable securities (*Continued*)

Movements at cost in available for sale investments are as follows:

		2011
	AED'000	AED'000
Opening balance	736,544	823,514
Additions	201,609	311,371
Disposals	(279,625)	(398,341)
	658,528	736,544

Break up of profit/ (loss) on disposal of available for sale investment is as follows:

		2011
	AED'000	AED'000
Reclassification adjustments on disposal of investments	9,368	21,739
Realised gain on disposal attributable to difference between selling price and carrying amount of investments	(9,042)	(27,722)
	326	(5,983)

The geographical distribution of available for sale investments is as follows:

		2011
	AED'000	AED'000
United Arab Emirates	698,267	1,011,763
Saudi Arabia	213,001	242,952
Other countries	150,277	172,897
	1,061,545	1,427,612

8. Investment in associate

Investment in associate company represents 22.74% (2011:22.74%) share in Berber Cement Company Ltd, a limited liability company incorporated in Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's share in net assets of the associate has been equity accounted as at December 31, 2012 based on management accounts of the associate as at December 31, 2012.

The following table summarizes the investment in Berber Cement Company Ltd:

		2011
	AED'000	AED'000
Beginning balance	78,723	73,974
Increase in share of investment	8,353	-
Foreign exchange translation reserve	(17,949)	-
Share of profit in associate	552	4,749
	69,679	78,723

The following table summarizes the financial information of the Company's investment in Berber Cement Company Ltd:

		2011
	AED'000	AED'000
Share of net assets of associate (22.74%)		
Current assets	15,511	40,298
Non current assets	163,900	162,909
Current liabilities	(20,561)	(75,013)
Non current liabilities	(89,171)	(49,471)
Net assets	69,679	78,723

		2011
	AED'000	AED'000
Share of associate's revenue and profit (22.74%)		
Revenue	36,747	55,206
Net profit	552	4,749

The foreign exchange reserve has been created due to translation of financial statements from Sudanese Geinih into US Dollar where Sudanese Geinih is the functional currency and US Dollar is the presentation currency. The translation rate between Sudanese Geinih and US dollar was 1 USD = 3.07 SDG on December 31, 2011 and moved to 1 USD= 7.05 SDG on December 31, 2012. Hence the exchange fluctuation reserve has been created to reflect the net differences.

9. Loan receivable from associate

This amount represents loan given to Associate and is recoverable in thirteen installments over a period of six years beginning October 2013. The interest rate on this loan is charged on the same terms as the long term loan from the bank which is 6 months EIBOR +3.45%. Refer note 14 for the bank liability against this loan.

10. Inventories

		2011
	AED'000	AED'000
Raw materials	33,423	34,660
Work in progress	32,751	1,574
Finished goods	1,163	2,211
Consumables and spare parts	25,794	26,322
Provision for obsolescence	(7,122)	(7,122)
	86,009	57,645

Inventories are stated net of allowance for slow moving and obsolete items.

11. Trade and other receivables

		2011
	AED'000	AED'000
Trade receivables	82,061	92,561
Allowance for doubtful debts	(6,000)	(6,000)
Trade receivables (net)	76,061	86,561
Advances	14,512	22,787
Advance towards investment	51,824	51,824
Prepayments and other receivables	128	282
	142,525	161,454

Advance towards investments relates to amount transferred for the setting up of a cement company in Syria. The management has a plan to further invest into this cement plant and the total expected commitment for this investment is AED 107 million.

The credit period offered by the Company differs for each customer. Ranges of credit period offered for its customers are 0 days, 30 days, 45 days, 60 days, 75 days, 90 days or 120 days from the date of invoice. No interest is charged on trade receivables which are past due.

11. Trade and other receivables (Continued)

The Company has obtained bank guarantees from some of its customers which act as a collateral security for the amount receivable from those customers and post dated cheques are obtained for the balance amount receivable in excess of the bank guarantee. The amount of trade receivables that is secured against bank guarantees amounts to AED 36.94 million (2011: AED 42.4 million) and the fair value of collateral security is determined at AED 43.67 million (2011: AED 65.4 million).

There are 5 customers who represent 66% of the total balance of trade receivables. AED 33.97 million (2011: AED 36.9 million) of the trade receivables is neither past due nor impaired. The Company has provided for AED 6 million for receivables amounting to AED 45 million which are past due at the reporting date based on its past experience.

Ageing of trade receivables is as under:

		2011
	AED'000	AED'000
Amount not past due and not impaired	33,975	36,929
Amount past due but not impaired :		
0-30 days	9,077	8,946
31-60 days	6,518	6,272
61-90 days	3,868	6,807
91-120 days	1,802	4,067
Above 121 days	20,821	23,540
	42,086	49,632
Amount past due and impaired :		
Above 121 days	6,000	6,000
Total trade receivables	48,086	55,632

The Company's exposure to credit risk and impairment losses related to loans and receivables is disclosed in Note 29 on financial instruments.

12. Related party disclosures

Related parties include the ultimate parent company, the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. The balances due to/from such parties, which have been disclosed separately in the financial statements, are unsecured, interest-free and are repayable on demand.

12. Related party disclosures (Continued)

The significant related party transactions during the year are as follows:

		2011
	AED'000	AED'000
With other related parties:		
- Sale of cement	17,036	17,015
- Purchase of materials and services	51,544	9,835
With Key Management Personnel:		
- Salaries and other short term benefits	3,227	3,417
- End of service benefits charged to income statement	189	189
- End of service benefits provided at the period end	5,904	5,544
- Directors' fee (as an appropriation from retained earnings)	1,500	1,500

Related party balances are as under:

		2011
	AED'000	AED'000
Payable:		
- To other related parties	20,754	4,142

		2011
	AED'000	AED'000
Receivable:		
- From Associate	33,291	112,318
- From other related parties	16,817	27,375
- From Directors	5,989	9,815
	56,097	149,508

13. Bank balances and cash

		2011
	AED'000	AED'000
Cash at hand	488	606
Current accounts with banks	29,816	20,519
	30,304	21,125

14. Bank loan

This represents loan from the bank with interest rate of 6 months EIBOR +3.45% and total facility of AED 440 million out of which AED 413 million is withdrawn. The loan is repayable in thirteen equal installments over a period of six years. Please refer note 7 for details of investments pledged against this loan and note 9 for loan receivable from associate against this loan.

15. Trade and other payables

		2011
	AED'000	AED'000
Trade payables	14,176	16,198
Derivative financial instruments	-	622
Other accruals and payables	17,301	10,378
Advances	107	133
Directors' fees	1,500	1,500
Dividend payable	17,530	12,885
	50,614	41,716

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

Please refer to note 29 for further information on derivative financial instruments.

16. Provision for employees' end of service gratuities

		2011
	AED'000	AED'000
Opening balance	25,228	26,822
Provision created for the year	2,125	1,496
Payments made during the year	(3,973)	(3,090)
Closing balance	23,380	25,228

17. Share capital

		2011
	AED'000	AED'000
Issued and fully paid up:		
358,800,800 shares of AED 1 each	358,800	358,800
Issued for cash		
92,000,000 shares of AED 1 each	92,000	92,000
Bonus shares issued by capitalising retained earnings		
266,800,000 shares of AED 1 each	266,800	266,800
	358,800	358,800

At the date of statement of financial position, the share capital comprised of ordinary equity shares. All issued shares are fully paid. The holders of ordinary equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

18. Fair value reserve

This reserve represents the cumulative changes in fair value of investments in marketable securities. Movement in fair value reserve is as follows:

		2011
	AED'000	AED'000
Opening balance	714,665	603,705
Net movement in changes in fair value	(297,094)	83,238
Reclassification adjustments on disposal of investments	9,042	27,722
	426,613	714,665

19. General reserve

As required by Article 57.2 of the Article of Association of the Company, 10% of the net profit has to be transferred to general reserve. It can be discontinued by the resolution of the ordinary general meeting on the proposal of Board of Directors. Such reserve shall be used for the purpose designated by the ordinary general meeting on the proposal of the Board of Directors.

20. Statutory reserve

In accordance with Article 57.1 of the Memorandum of Association of the Company and the UAE Commercial Companies Law No.8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is to be allocated every year to a non-distributable reserve. Such allocation has ceased as the statutory reserve equals 50% of the paid up share capital.

21. Dividend

For 2012, a cash dividend of AED 71.76 million has been proposed by the Board of Directors of the Company. The proposed dividend will be submitted for formal approval and declaration at the Annual General Meeting. In 2011, a dividend of AED 71.76 million was proposed and approved by the shareholders was paid out by way of cash dividend.

22. Cost of sales

		2011
	AED'000	AED'000
Material expenses	93,442	134,002
Utilities and other factory costs	40,059	24,348
Staff costs	18,753	17,870
Depreciation	11,779	12,175
	164,033	188,395

23. Other income

		2011
	AED'000	AED'000
Rental income from investment properties	2,768	2,607
Other rental income	6,507	6,525
Income from sale of by product and scraps	2,809	3,001
Gain on sale of property, plant and equipment	807	166
Other income	882	1,159
	13,773	13,458

24. Administration, selling and general expenses

		2011
	AED'000	AED'000
Staff salaries and benefits	15,071	14,670
Staff accommodation	2,473	2,342
License fees	220	221
Insurance	699	677
Communications	141	193
Repair and maintenance	7,983	6,736
Travelling and conveyance expenses	165	242
Legal and professional	266	551
Electricity and water	260	189
Depreciation	1,337	1,982
Bank charges	1,356	1,396
Other	631	839
	30,603	30,038

25. Finance costs

		2011
	AED'000	AED'000
Interest on bank overdraft	892	1,965
Interest on bank loans	4,704	1,692
	5,596	3,657

26. Financial income/(expense) net

		2011
	AED'000	AED'000
Interest income:		
- interest swap contracts	3,539	1,208
- investments	27,351	26,789
Net revaluation gain (unrealised) on :		
- interest rate swap contracts	621	28,402
Net gain on unwinding of:		
- interest rate swap contracts	-	9,011
Gain on disposal of available for sale investments:		
- realised gain	9,368	21,739
Dividend income	30,946	23,379
Financial income	71,825	110,528
Loss on disposal of available for sale investments:		
- transferred from equity	(9,042)	(27,722)
Financial expense	(9,042)	(27,722)
Financial income recognised in the statement of comprehensive income	62,783	82,806

27. Earnings per share

		2011
	AED'000	AED'000
Net profit attributable to shareholders	68,300	64,424
Weighted average number of shares	358,800	358,800
Earnings per share	0.19	0.18

28. Segment reporting

The Company's activities comprise two main business segments, manufacturing and selling cement and cement related products and investment in marketable securities and derivative products. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The management has determined that as most of the operations are in the United Arab Emirates and there is no other significant geographical segment, no specific disclosures is made in this regard. The details of segment revenue, segment result, segment assets and segment liabilities have been provided on page 34.

29. Financial instruments - risk management

Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximizing return to shareholders.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders comprising of authorized, issued and paid up capital, reserves and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review

Market risk management

The Company is primarily exposed to the market risks which comprise of changes in foreign currency exchange rates (currency risk), interest rates (interest rate risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or the Company, or factors affecting all similar financial instruments traded in the market.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to US Dollars. The US Dollar has been pegged against the United Arab Emirates Dirham ("AED"), hence no exchange risk is considered to exist.

Interest rate risk management

The Company is exposed to interest rate risk on cash at bank (including time deposits), available for sale investments and interest rate swap contracts.

If the interest rates on available for sale investments have had been 50 base points higher or lower and all other variables were held constant, the Company's profits would have increased or decreased by AED 1.367 million (2011: AED 1.339 million).

If the interest rates on interest rate swap contracts have had been 50 base points higher or lower and all other variables were held constant, the Company's profits would have increased or decreased by AED 0.176 million (2011: AED 0.604 million).

29. Financial instruments - risk management (*Continued*)

Other price risk management

The Company is exposed to other price risks in market on its equity investments. Investments in equity instruments are generally held for long term and are not traded actively.

If equity prices in market had been 10% higher/lower:

- Available for sale investment valuation reserve would increase/decrease by AED 10.6 million (2011: AED 13.8 million).
- The profit would be unaffected as equity investments are classified as available for sale.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company is exposed to credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables, due from related parties and investments. The Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade and other receivables and due from related parties is subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The amounts presented in the balance sheet are net of allowances for irrecoverable amounts. The Company has obtained collateral security for 45% of its trade receivables and for trade receivables from customers for which there are no collaterals, the management is of the view that the outstanding balances are fully recoverable. The management believes the outstanding balance of other receivables and due from related parties are good and fully recoverable and therefore, there is no requirement to provide for them. The Company limits its exposure to investments by investing in securities where counterparties have credible market reputation. The Company's management does not expect any counterparty to fail. There are 5 customers who represent 66% of the total balance of trade receivables.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows.

Derivative contracts

The Company's investments in certain securities normally carry interest which is linked to LIBOR.
The Company has also entered into certain interest rate swaps contracts and commodity derivative swap contracts. These swap contracts are not designated as hedges and accordingly are treated as free standing derivative contracts. At December 31, 2012 the Company did not had outstanding interest rate swap contracts ((2011: USD 185 million (AED 681 million)).

29. Financial instruments - risk management (*Continued*)

The fair value changes in the interest rate swap and commodity swap contracts are shown as under:

		2011
	AED'000	AED'000
Interest rate swap - negative value	-	(622)
	-	(622)

Financial instruments by category

The carrying amounts for each class of financial instruments are listed below:

		2011
	AED'000	AED'000
Financial assets		
Available for sale investments	1,061,545	1,427,612
Loans and receivables:		
- Trade and other receivables	142,525	161,454
- Due from related parties	56,097	149,508
Cash and bank balances	30,304	21,125
Financial liabilities		
Other financial liabilities		
- Trade and other payables	50,614	41,716
- Due to related parties	20,754	4,142
Bank loans and overdrafts	139,489	139,489

30. Contingent liabilities and capital commitments

		2011
	AED'000	AED'000
Letters of guarantee	3,109	3,109
Letters of credit	1,970	1,859

Capital commitments at the date of statement of financial position amounts to AED 1 million (2011: AED 38.15 million).

31. Director's fees

These represent fees paid/payable to the Company's directors for serving on any committee, for devoting special time and attention to the business or affairs of the Company and for otherwise performing services outside the scope of their ordinary activities. In accordance with the interpretation of Article 118 of the UAE Commercial Companies Law No. 8 of 1984 as amended by the Ministry of Economy and Commerce, director's fees have been treated as an appropriation of retained earnings.

32. Operating leases

Company as lessee

The Company has obtained plots of land under operating leases on which residential flats for staff accommodation are located. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

Company as lessor

The Company has leased out residential villas on operating leases to earn rental income. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

33. Comparative figures

Previous year's figures which were not material have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

Schedule of property, plant and equipment

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Capital work in progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost						
At January 1, 2011	30,608	848,290	11,987	51,867	28,443	971,195
Additions	-	-	615	535	3,401	4,551
Disposals	(38)	-	(403)	(430)	-	(871)
At December 31, 2011	30,570	848,290	12,199	51,972	31,844	974,875
Additions	-	118	1,701	1,995	32,428	36,242
Disposals	-	-	(33)	(3,477)	-	(3,510)
Transfer from CWIP	-	64,272	-	-	(64,272)	-
At December 31, 2012	30,570	912,680	13,867	50,490	-	1,007,607
Depreciation						
At January 1, 2011	28,001	691,747	11,456	46,989	-	778,193
Charge for the year	405	10,504	427	2,821	-	14,157
On disposals	(38)	-	(401)	(430)	-	(869)
At December 31, 2011	28,368	702,251	11,482	49,380	-	791,481
Charge for the year	319	10,221	573	2,004	-	13,117
On disposals	-	-	(30)	(3,477)	-	(3,507)
At December 31, 2012	28,687	712,472	12,025	47,907	-	801,091
Net book value						
At December 31, 2012	1,883	200,208	1,842	2,583	-	206,516
At December 31, 2011	2,202	146,039	717	2,592	31,844	183,394

Depreciation for the year is allocated as under:

		2011
	AED'000	AED'000
Cost of sales	11,780	12,175
Expenses	1,337	1,982
	13,117	14,157

Segment report as on December 31, 2012

	2012			2011		
	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000
Segment revenue	191,425	71,825	263,250	185,501	110,528	296,029
Segment result	27,392	62,783	90,175	(2,894)	82,806	79,912
Other income	-	-	13,773	-	-	13,458
Unallocated expenses	-	-	(36,200)	-	-	(32,518)
Results from operating activities			67,748			60,852
Share in net profit in equity accounted investee	-	-	552	-	-	4,749
	-	-	68,300	-	-	65,601
Segment assets	937,375	1,061,545	1,998,920	576,049	1,427,613	2,003,662
Investment in equity accounted investee	-	-	69,679	-	-	78,723
Total assets	937,375	1,061,545	2,068,599	576,049	1,427,613	2,082,385
Segment liabilities	507,748	-	507,748	209,953	622	210,575
Capital expenditure	36,242	201,609	237,851	4,551	311,371	315,922
Depreciation	13,117	-	13,117	14,157	-	14,157