Umm Al Qaiwain Cement Industries Co.
A Public Shareholding Company
Umm Al Qaiwain
United Arab Emirates

Financial Statements
And Independent Auditor's
Report For The Year Ended
December 31, 2015

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

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The Shareholders,
Umm Al Qaiwain Cement Industries Co.,
A Public Shareholding Company,
Umm Al Qaiwain - United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of **Umm Al Qaiwain Cement Industries Co., (a public shareholding company) - Umm Al Qaiwain,** which comprise the statement of financial position as at December 31, 2015, and the statement of income, 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 information.

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 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.

Auditor's 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 about 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 auditor's 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 auditor considers internal control 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 entity's internal control. 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 financial statements present fairly, in all material respects, the financial position of **Umm Al Qaiwain Cement Industries Co., (a public shareholding company) - Umm Al Qaiwain,** as of December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

The Company is in process to change its name and commercial activities by making amendments in memorandum and articles of association subsequent to discontinued its main operations as decided in ordinary general assembly meeting on April 18, 2015. (Refer to Note 1 & 11 (a-2)

Other Matter

This report superseded and canceled the previously-issued auditor's report dated February 20, 2016 to record an adjustment as of December 31, 2015 to offset accumulated loss with statutory reserve as approved by General Assembly at its meeting held on March 19, 2016 (refer to Note 11-b).

Report on Other Legal and Regulatory Requirements

Further, as required by 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;
iv) the financial information included in the report of the Directors is consistent with the books of account of the Company;
v) as disclosed in note 6 and note 7 to the financial statements, the Company has purchased or invested in shares during the financial year ended December 31, 2015;
vi) note 21 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 except as mentioned in note 1 and 11 (a-2) (regarding amendment in memorandum and articles of association) which causes us to believe that the Company has contravened during the financial year ended December 31, 2015 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 December 31, 2015.

TALAL ABU-GHAZALEH & CO. INTERNATIONAL
TALAT ZABEN
LICENSED AUDITOR NO. 68

Umm Al Qaiwain
March 19, 2016

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ص.ب: ٢٧٤ أم القيوين الأمارات العربية المتحدة

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

EXHIBIT A

	Notes	2015 AED	2014 AED
ASSETS			
Non-current assets			
Land	3.3 & 5	159,932,441	159,932,441
Investments at fair value through other comprehensive income (FVTOCI)	3.6 & 6	438,079,218	475,113,772
Total non-current assets		598,011,659	635,046,213
Current assets			
Investment at fair value through profit and loss (FVTPL)	3.6 & 7	80,961,848	101,069,797
Notes receivable	8	141,562	701,432
Other receivables	3.8 & 9	360,612	999,019
Cash and banks	3.9 & 10	738,255	565,304
Total current assets		82,202,277	103,335,552
Asset held for sale (discontinued operations)	3.15 & 18	2,533,693	21,636,217
TOTAL ASSETS		682,747,629	760,017,982
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital	11 (a)	363,000,000	363,000,000
Reserves	11 (b)	28,601,284	45,932,988
Investment revaluation reserve – FVTOCI	11 (c)	105,043,115	137,024,051
Land valuation reserve		126,092,756	126,092,756
Accumulated (loss) / profit		--	31,242,179
Net shareholders' equity – Exhibit C		622,737,155	703,291,974
Non-current liabilities			
End of service benefits obligation	3.10 & 12	972,206	1,225,353
Current liabilities			
Trade accounts payable and others	3.11 & 13	1,522,620	1,986,378
Unclaimed dividends	14	33,262,599	32,912,675
Bank overdraft		24,253,049	20,601,602
Total current liabilities		59,038,268	55,500,655
Total liabilities		60,010,474	56,726,008
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		682,747,629	760,017,982

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

RASHID BIN SAOUD RASHID AL MUALLA
CHAIRMAN

SALEM ABDULLA SALEM AL HOSANI
MANAGING DIRECTOR

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT B - 1

	Notes	2015 AED	2014 AED
Continuing operations			
Sales	3.16	--	--
Cost of sales		--	--
Gross profit		--	--
Profit from investment in shares	15	20,785,552	31,831,330
Changes in fair value of investment at FVTPL	7	(25,478,711)	(11,194,637)
Administrative expense	16	(4,685,670)	(4,669,228)
Loss on foreign exchange		(3,538,128)	(1,520,342)
Other income	17	354	1,228
Finance costs		(872,860)	(1,020,476)
Impairment losses on remeasurement of disposal group	18 (a)	(5,300,000)	--
(Loss)/Profit from continuing operations		(19,089,463)	13,427,875
Discontinued operations			
Loss from discontinued operation	19	(7,418,610)	(7,608,571)
(LOSS)/PROFIT FOR THE YEAR – EXHIBIT B-2		(26,508,073)	5,819,304
Basic earnings per share	20	(0.073)	0.016
Basic earnings per share – Continuing operations	20	(0.053)	0.037

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Umm Al Qaiwain Cement Industries Co.
A Public Shareholding Company
Umm Al Qaiwain
United Arab Emirates

Statement Of Comprehensive Income
For The Year Ended December 31, 2015

EXHIBIT B - 2

	Notes	2015 AED	2014 AED
(Loss)/Profit for the year - Exhibit B – 1		**(26,508,073)**	5,819,304
Other comprehensive income			
Changes in fair value of investments at FVTOCI	**6**	**(28,905,205)**	54,625,366
Profit from sale of investments at FVTOCI		**268,459**	1,186,503
Other comprehensive income		**(28,636,746)**	55,811,869
Total comprehensive (loss)/income for the year – Exhibit C		**(55,144,819)**	61,631,173
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT C

Description	**Capital** AED	**Reserves** AED	**Investment revaluation reserve - FVTOCI** AED	**Land valuation reserve** AED	**Accumulated (loss) / profit** AED	**Net** AED
Shareholders' equity at December 31, 2013	363,000,000	45,351,058	91,308,513	126,092,756	41,318,474	667,070,801
Profit for the year 2014 – Exhibit B – 1	--	--	--	--	5,819,304	5,819,304
Other comprehensive income	--	--	54,625,366	--	1,186,503	55,811,869
Total comprehensive income for the year – Exhibit B – 2	**--**	**--**	**54,625,366**	--	**7,005,807**	**61,631,173**
Dividends	--	--	--	--	(25,410,000)	(25,410,000)
Transfer to accumulated (loss)/profit on sale of investment at FVTOCI	--	--	(8,909,828)	--	8,909,828	--
Transferred to reserves	--	581,930	--	--	(581,930)	--
Shareholders' equity at December 31, 2014 – Exhibit A	363,000,000	45,932,988	137,024,051	126,092,756	31,242,179	703,291,974
(Loss) for the year 2015 – Exhibit B – 1	--	--	--	--	(26,508,073)	(26,508,073)
Other comprehensive (loss)/income	--	--	(28,905,205)	--	268,459	(28,636,746)
Total comprehensive loss for the year – Exhibit B – 2	**--**	**--**	**(28,905,205)**	--	**(26,239,614)**	**(55,144,819)**
Dividends	**--**	**--**	**--**	**--**	**(25,410,000)**	**(25,410,000)**
Transfer to accumulated (loss)/profit on sale of investment at FVTOCI	**--**	**--**	**(3,075,731)**	**--**	**3,075,731**	**--**
Offset of accumulated loss with statutory reserve	**--**	**(17,331,704)**	**--**	**--**	**17,331,704**	**--**
Shareholders' equity at December 31, 2015 – Exhibit A	**363,000,000**	**28,601,284**	**105,043,115**	**126,092,756**	**--**	**622,737,155**
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

EXHIBIT D

	2015 AED	2014 AED
Cash Flows from Operating Activities		
(Loss) / profit for the year - Exhibit B-1	**(26,508,073)**	5,819,304
Adjustments for:		
Depreciation	**5,069,437**	5,072,273
Provision for coarse cement	**227,491**	533,334
End of service benefits obligation	**(253,147)**	62,427
Profit from investment in shares	**(20,785,552)**	(31,831,330)
Changes in fair value of investment at FVTPL	**25,478,711**	11,194,637
Impairment losses on remeasurement of disposal group	**5,300,000**	--
Loss on foreign exchange	**3,538,128**	1,520,342
Bank interest	**(6)**	(768)
Impairment loss on inventories	**--**	167,831
Bad debts	**275,030**	**--**
Finance costs	**872,860**	1,020,476
Operating (loss) before working capital changes	**(6,785,121)**	(6,441,474)
Decrease /(increase) in inventories	**5,183,765**	(628,522)
Decrease in trade accounts receivable and others	**3,751,957**	229,564
(Decrease)/increase in trade accounts payable and others	**(463,758)**	66,754
Cash provided by/(used in) operating activities	**1,686,843**	(6,773,678)
Finance costs paid	**(872,860)**	(1,020,476)
Net cash provided by/(used in) operating activities	**813,983**	(7,794,154)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	**(48,000)**	(111,756)
Net movements of investment in shares	**(779,541)**	(30,469,983)
Profit received from investment in shares	**21,595,132**	33,784,352
Bank interest received	**6**	768
Net cash provided by investing activities	**20,767,597**	3,203,381
Cash Flows from Financing Activities		
Payment to shareholders	**(25,060,076)**	(22,853,971)
Bank overdraft	**3,651,447**	5,491,295
Net cash (used in) financing activities	**(21,408,629)**	(17,362,676)
Net increase/(decrease)in cash and cash equivalents	**172,951**	(21,953,449)
Cash and cash equivalents at the beginning of the year	**565,304**	22,518,753
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – Notes 3.9, 10 & Exhibit A	**738,255**	565,304
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. GENERAL INFORMATION:

Umm Al Qaiwain Cement Industries Co., a public shareholding company (hereinafter referred to as "**the Company**"), was incorporated in Umm Al Qaiwain by Amiri Decree number 2/82 on February 11, 1982**.**

The Company was duly registered with the competent governmental authorities according to the law of United Arab Emirates. The Company possesses a factory for manufacturing and trading of cement. The activities of the Company are production and trading of cement and importing the raw materials required for production and trading. The Company is domiciled at Umm Al Qaiwain, United Arab Emirates. The Company started its commercial production after set-up and establishing the cement factory in October 1993.

The Company's lifetime period is unlimited, and commenced from February 11, 1982 which is the date of the Amiri decree under which the Company was established.

During the year 2015, the Company has discontinued its operations for production and sale of cement as decided in Ordinary General Assembly Meeting on April 18, 2015. The Company is in process of changing its name and commercial activities by making amendments in memorandum and articles of association and other legal formalities.

The Company has obtained approval to change its commercial activities and name from Department of Economic Development – Government of Umm Al Quwain. The Company's name will be changed to **Umm Al Quwain General Investments P.S.C.** and new commercial activities will include investment in land, buildings, education and health sector and general investments etc.

2. ADOPTION OF NEW AND REVISED STANDARDS:

In the current year, the Company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretation as that are relevant to its operations and effective on the current financial statements.

The directors anticipate that all of the new and revised International Financial Reporting Standards (IFRSs) and interpretation as applicable will be adopted in the Company's financial statements for the period commencing January 1, 2016 or as and when it is applicable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

3.1 Financial statements preparation framework:

The financial statements of the Company have been presented in accordance with International Financial Reporting Standards and applicable requirements of UAE Federal Law No. 2 of 2015 (and its amendments) relating to commercial companies.

3.2 Basis of preparation:

The financial statements have been prepared on the historical cost basis except for the measurement of certain classes of assets and financial instruments at a basis other than the historical cost. The significant accounting policies are set out below.

3.3 Land:

The Company stated the land at cost, on which buildings, machinery and equipment of the factory are constructed thereon.

The port land was revaluated by independent evaluators. However, the Company decided to revalue the land by provisional rates less than the rates as at December 31, 2008 obtained from the independent evaluators.

The Company revalues the land when a material difference between the fair value of the land and its carrying amount exists. Any difference resulting from revaluation is recognized in shareholders' equity within land valuation reserve account.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

3.3 Land: (continued…..)

In case of selling revalued land, any difference resulting from revaluation which was recognized previously in shareholders' equity within land valuation reserve account is transferred to the statement of income for the same period in which the sale occurred.

3.4 Property, plant and equipment:

Property, plant and equipment held for use in the production or supply of goods or for administrative purposes, are initially recognized at their cost being their purchase price plus any other costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management.

After initial recognition, the property, plant and equipment are carried, in the statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. The depreciation charge for each period is recognized in the statement of income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company over the estimated useful life of the assets. The estimated useful lives of the assets are as follows:

Asset category	Years
Factory's buildings and plant	30
Labour accommodation building	10
Heavy equipment	7
Motor vehicles	3 to 4
Furniture, fixtures and office equipment	4
Protection covers & other equipments	1 to 10

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 carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairments losses are calculated in accordance with Note 3.5.

On the subsequent de-recognition (sale or retirement) of the property, plant and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the income statement.

3.5 Impairment of tangible assets:

At each financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have been impaired. 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, being the amount by which the carrying amount of the asset exceeds its recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

3.5 Impairment of tangible assets: (continued…)

The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the statement of income, 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 is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately in the statement of income 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.

3.6 Financial instruments:

Financial instruments (applying IFRS 9)

All financial assets are recognized and derecognized 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 timeframe established by the market concerned.

- **Financial assets at fair value through profit or loss (FVTPL)**

  Financial assets at fair value through profit or loss are measured at fair value. The fair value of these financial assets is its market value.

  Any gain or loss arising on re-measurement is recognized in the statement of income.
  Dividend income on investment in equity instruments at fair value through profit or loss is recognized in statement of income when the Company's right to receive the dividends is established.

- **Financial assets at fair value through other comprehensive income (FVTOCI)**

  Investments in equity instrument at fair value through other comprehensive income 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 recognized in other comprehensive income and accumulated in the investments revaluation reserve. The fair value of these financial assets is its market value.

  Where the asset is disposed, the related cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified in statement of income, but is reclassified to retained earnings.

  Dividends on this investment in equity instruments are recognized in statement of income when the Company's right to receive the dividends is established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

3.7 Inventories:

- **Raw materials and finished products:**

  Raw materials are stated at the lower of cost or net realizable value, the cost being determined on average basis, and the net realizable value determined on the basis of estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

  Finished products are valued at lower of cost or net realizable value, the cost is being determined on average basis and the net realizable value determined on the basis of estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of finished products includes direct materials, direct labour and manufacturing overhead except depreciation.

- **Spare parts and others:**

  Spare parts and others are stated at the lower of cost or net realizable value, cost is being determined on average basis.

3.8 Accounts receivable:

Accounts receivable are stated at net realizable value. When a trade account receivable is 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 recognized in the statement of income.

3.9 Cash and cash equivalents:

Cash represents cash on hand and checking accounts with banks less bank overdraft balances that fluctuate from debit to credit during the year (if any). Cash equivalents represent all highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, which includes call deposits and fixed deposits with maturities of three months or less from the date of placement.

3.10 End of service benefit obligation:

End of service benefit obligation for the employees and labours are accounted for in accordance with the U.A.E. Federal Labour Law. Indemnity is accounted on the basis of basic salary multiplied by the ratio of accrued days of service to 30 days for each month.
Accrued days of service are calculated as follows:

First five years of service	21 days for each full year of service
Subsequent years of service	30 days for each full year of service

3.11 Trade accounts payable:

Trade accounts payable are stated at the received invoice amount.

3.12 Short-term employees' benefits (leave):

Short-term employees' benefits (leave) are accounted for on the basis of U.A.E. Federal Labour Law. The obligation is calculated individually for employee or labour on gross salary multiplied by the ratio of the number of days of vested benefits to 30 regular days per month.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

3.13 Provisions:

Provisions are present obligations (legal or constructive) which have resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the financial position date, that is, the amount that the Company would rationally pay to settle the obligation at the financial position date or to transfer it to a third party.

Provisions are reviewed and adjusted at each financial position date. If outflows, to settle the provisions, are no longer probable, reversal of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

3.14 Discontinued operations:

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single coordinated plan to dispose off a major line of business or geographic area of operations; or
- Is a subsidiary acquired extensively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

When an operation is classified as a discontinued operation, the comparative state of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3.15 Assets held for sale (discontinued operation):

Non-current assets, or disposal group comprising assets are classified as held for sale if it is highly probable that they will be recovered primarily from sale rather than through continuing use.

Such assets or disposal group, are generally measured at their carrying amount less impairment losses on remeasurement of disposal group. Any impairment loss on a disposal group is allocated to property, plant and equipment and inventories and remaining assets, will continue to be measured in accordance to the Company's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

3.16 Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable. Exchanges for goods and services of similar nature and value are not regarded as transactions that generate revenue. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

3.16 Revenue recognition (continued….):

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

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

Interest income is recognized on accrual basis taking the account of principal outstanding and the contractual interest rate applicable thereon.

Dividend income is recognized when the right to receive payment is established which is generally determined when cash is receivable from or upon official declaration of dividends by investees.

Sales during the year have been presented in Note 19 to show discontinued operations separately in statement of income and prior year's sales also restated / reclassified for comparison in accordance with IFRS.

3.17 Foreign currency:

The financial statements are presented in the currency of the primary economic environment in which the Company operates (functional currency). In preparing the financial statements, 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 each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date of statement of financial position (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognized in the income statement in the period in which they arise.

3.18 Financial instruments:

A financial instrument is defined as any contract that gives rise to both a financial asset of an enterprise and financial liability or equity investment of another enterprises. The Company's financial instruments are principally comprised of investment at FVTOCI, investment at FVTPL, trade accounts receivable and others, cash and cash equivalents, end of service benefit obligation, trade accounts payable and others, unclaimed dividends and bank overdraft.

The Company uses different assumptions to estimate the fair value of the financial instruments. The significant assumptions underlying the estimation of fair value of financial instruments, include, reference to quoted market prices, estimating the net realizable value, applying the discounted cash flows approach using current market interest rate, and other assumption depending on the management past experience.

If an objective evidence exists that a financial instrument may be impaired, the impairment losses are recognized in the statement of income for the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued…)

3.19 Segment information:

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environment. The Company has disclosed its segment information in Note 23.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Company of accounting policies, which are described in Note 3, the directors are 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. Annual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies:

In the process of applying the accounting policies, the management is of the opinion that there is no instance of application of judgments which is expected to have effect on the amounts recognized in the financial statements.

Classification of investments

Upon adoption of IFRS 9, the Company's management has decided to classify the Company's investment into investments at FVTPL and investments at FVTOCI. The Company classifies investments as investments at FVTPL if they are acquired primarily for the purpose of making a short-term profit by the dealers. Other investments are classified as investments at FVTOCI.

Impairment of financial assets

The Company determines whether the financial assets are impaired when there has been a significant or prolonged decline in their fair value below cost. This determination of what is significant or prolonged requires judgment. In making this judgment and to record whether an impairment occurred, the Company evaluates among other factors, the normal volatility, the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY: (continued…)

Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the date of the statement of financial position:

Estimated useful lives of property, plant and equipment

The cost of items of property, plant and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/or category of assets based on expected usage of the assets, expected physical wear and tear which depends on operational and environmental factors, the repair and maintenance program, technological obsolescence arising from changes and the residual value. Management has not made estimates of residual values for any items of property, plant and equipment at the end of their useful lives as these have been deemed to be insignificant.

Allowance for doubtful debts

Allowance for doubtful debts is determined 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. Also, specific allowances for individual accounts are recorded when the Company become aware of the customer's inability to meet its financial obligation.

5. LAND:

- Land amounting to **AED 159,932,441** as shown in **Exhibit A** includes land on which buildings, machinery and equipment of the factory are constructed, in addition to the port land. The port land was valuated through an independent revaluation. The Board of Directors decided to value the land using provisional rates less than rates obtained from the independent evaluators.
- The land shown above is owned by the Company and registered in the name of the Company with the competent Governmental authorities. The land has a surface area of 10,668,431 square feet.

6. INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI):

a) The transactions over these investments are as follows:

	2015	2014
	AED	AED
Fair value at January 1	**475,113,772**	436,354,569
Net movement during the year	**(8,129,349)**	(15,866,163)
Changes in fair value – **Exhibit B-2**	**(28,905,205)**	54,625,366
Fair value at December 31 – Exhibit A	**438,079,218**	475,113,772
	=========	=========

b) Investments at fair value through other comprehensive income (FVTOCI) include shares amounting to AED 41,038,089 being mortgaged with the bank against credit facilities obtained.

7. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL):

The transactions over these investments are as follows:

	2015 AED	2014 AED
Fair value at January 1	**101,069,797**	67,448,630
Net movement during the year	**5,370,762**	44,815,804
Changes in fair value – **Exhibit B-1**	**(25,478,711)**	(11,194,637)
Fair value at December 31 – Exhibit A	**80,961,848**	101,069,797
	==========	==========

8. NOTES RECEIVABLE:

Notes receivable amounting to **AED 141,562** as shown in **Exhibit A** will be matured before the end of January 2016 and it's due from one customer only.

9. OTHER RECEIVABLES:

This item consists of the following:

	2015 AED	2014 AED
Prepaid expenses	**53,246**	104,406
Receivables on investment in shares	**91,796**	632,917
Bank guarantees	**160,590**	160,590
Others	**54,980**	101,106
Total – Exhibit A	**360,612**	999,019
	=======	=======

10. CASH AND BANKS:

This item consists of the following:

	2015 AED	2014 AED
Petty cash	**25,996**	13,057
Cash on hand	**17,870**	32,869
Cash at banks – UAE	**28,145**	58,480
Cash at banks – Kuwait	**615,691**	420,894
Cash at bank – Qatar	**20,066**	20,066
Cash at bank – Oman	**30,487**	1,267,075
Overdrawn book balances of bank accounts – UAE	--	(1,247,137)
Total – Exhibits A & D	**738,255**	565,304
	=======	========

11. SHAREHOLDERS' EQUITY:

a) CAPITAL:

1) The Company's capital consists of fully paid-up 363,000,000 shares of one Dirham par value for each share.

2) The Ordinary General Assembly which was held on April 18, 2015, approved the shutdown operations related to the production and sale of cement and focus exclusively on investing activities and asked the Board of Directors proceed immediately to take the necessary for the implementation of this resolution contained specifically the following:

   i) Stop the production and sale of cement.
   ii) Full equipment sale and factory machines.
   iii) Amendment of the Memorandum of Association and articles of Association in accordance with the investment activity of the company and choose a new name for the company reflects the new activity.
   iv) Call a meeting of an extraordinary general assembly of the company to adopt the amendments to the Memorandum of Association and Articles of Association after obtaining legal and regulatory approvals.

b) RESERVES:

1) In accordance with the Company's Articles of Association, 10% of the profit for the year is to be deducted and retained in statutory reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the Company's paid-up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the Company's paid-up capital. Another 10% of the profit for the year is to be deducted and retained in the voluntary reserve account. This appropriation was suspended by a resolution from the general assembly meeting based on the strength of proposal put forward by the Board of Directors. Funds accumulated in voluntary reserve are to be utilized for objects determined by the shareholders ordinary general meeting upon the recommendation of Board of Directors.

   After deducting 10% of statutory reserves plus 5% for distribution of dividends to shareholders as a first proportion, a maximum sum of 10% of the remaining profit is allocated to pay the remuneration for the Board of Directors. The remaining net profit, thereafter, may be distributed to shareholders as additional proportion or carried forward to the next year or allocated to create unusual reserve funds according to what the Board of Directors may decide.

2) The General Assembly approved to offset accumulated losses with the statutory reserve at its meeting held on March 19, 2016 as follows:

	Voluntary reserve AED	Statutory reserve AED	Total AED
Balance at January 1, 2015	--	45,932,988	45,932,988
Offset of accumulated losses	--	(17,331,704)	(17,331,704)
Balance at December 31, 2015 – Exhibit A	--	28,601,284	28,601,284
	==========	==========	==========

11. SHAREHOLDERS' EQUITY: (continued…)

c) INVESTMENT REVALUATION RESERVE – FVTOCI:

The investments revaluation reserve represents accumulated gains and losses arising from the revaluation of financial assets at fair value through other comprehensive income.

12. END OF SERVICE BENEFITS OBLIGATION:

The movements over this item during the year are as follows:

	2015 AED	2014 AED
Balance at January 1	**1,225,353**	1,162,926
Current service cost	**314,969**	93,215
Payments	**(568,116)**	(30,788)
Balance at December 31 – Exhibit A	**972,206**	1,225,353

13. TRADE ACCOUNTS PAYABLE AND OTHERS:

a) This item comprises of the following:

	2015 AED	2014 AED
Trade accounts payable	**88,284**	203,369
Notes payables	**12,759**	68,243
Other payables - Note 13 (b)	**1,421,577**	1,714,766
Total – Exhibit A	**1,522,620**	1,986,378

b) Other payables:

This item comprises of the following:

	2015 AED	2014 AED
Provision for Board of Directors' attendance fees	**1,000,000**	1,000,000
Accrued expenses	**94,879**	94,508
Short-term employees benefits – Note 3.12	**270,147**	477,707
Employees' bonus	**37,800**	100,000
Others	**18,751**	42,551
Total – Note 13 (a) above	**1,421,577**	1,714,766

14. UNCLAIMED DIVIDENDS:

a) This item consists of the following:

	2015 AED	2014 AED
Unclaimed dividends in arrears	**31,703,939**	31,343,372
Shareholding creditors resulting from reduction of capital – Note 14 (b)	**1,558,660**	1,569,303
Total – Exhibit A	**33,262,599**	32,912,675

14. UNCLAIMED DIVIDENDS: (continued…)

b) The shareholding creditors' balance represents the outstanding balance resulting from reduction of the Company's capital during the year 1987 by 25%, from AED 260,000,000 to AED 195,000,000. These shareholding creditors did not claim for their amounts.

15. PROFIT FROM INVESTMENT IN SHARES:

This item consists of the following:

	2015 AED	2014 AED
Profit from sale of investment in shares	**2,390,761**	6,589,065
Dividend received	**18,394,791**	25,242,265
Total – Exhibit B -1	**20,785,552**	31,831,330
	========	========

16. ADMINISTRATIVE EXPENSE:

This item consists of the following:

	2015 AED	2014 AED
Salaries & wages	**1,401,129**	1,597,192
Board of Directors' attendance fees	**1,000,000**	1,000,000
Employees' bonus	**37,800**	100,000
End of service benefit obligation	**136,556**	25,575
Short-term employees' benefits	**54,128**	111,702
Rent	**137,083**	137,314
Electricity & water	**566,128**	534,790
Professional fees	**336,234**	404,745
Air tickets	**133,117**	72,094
Sundry expenses	**883,495**	685,816
Total – Exhibit B -1	**4,685,670**	4,669,228
	========	========

17. OTHER INCOME:

This item consists of the following:

	2015 AED	2014 AED
Bank interest	**6**	768
Sundry income	**348**	460
Total – Exhibit B -1	**354**	1,228
	=======	======

18. DISPOSAL GROUP HELD FOR SALE:

The Ordinary General Assembly which was held on April 18, 2015, approved the shutdown operations related to the production and sale of cement and focus exclusively on investing activities and asked the Board of Directors proceed immediately to take the necessary for the implementation of this resolution contained specifically the following:

- Stop the production and sale of cement.
- Full equipment sale and factory machines.
- Amendment of the Memorandum of Association and articles of Association in accordance with the investment activity of the company and choose a new name for the company reflects the new activity.

a) Impairment losses relating to the disposal group:

The impairment losses have been applied to reduce the carrying amount of property, plant and equipment and inventories within the disposal group.

b) Assets of disposal group held for sale:

At December 31, 2015 and 2014 the disposal group was stated at their carrying amount less impairment losses on remeasurement of disposal group and comprised the following assets:

	2015 AED	2014 AED
Property, plant and equipment – Note 18 (e)	**2,198,346**	10,148,806
Inventories - Note 18 (c)	**335,000**	8,117,233
Trade accounts receivable - Note 18 (d)	**347**	3,370,178
Assets held for sale – Exhibit A	**2,533,693**	21,636,217

c) Inventories:

This item consists of the following:

	2015 AED	2014 AED
Raw materials	**70,824**	3,189,704
Finished products	**--**	2,171,427
Spare parts	**2,597,383**	2,645,490
Packaging materials	**37,770**	110,612
Sub total	**2,705,977**	8,117,233
Less: Remeasurement of disposal group (spare parts)	**(2,370,977)**	--
Net – Note 18 (b)	**335,000**	8,117,233
	=======	=======

d) Trade accounts receivable:

Trade accounts receivable amounting to AED 347 as shown in Note 18 (b) above represents an amount due from one customer only.

e) Property, plant and equipment :

i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment of disposal group as follows:

	Factory's buildings and plant AED	Labour accommodation building AED	Heavy equipment AED	Motor vehicles AED	Furniture, fixtures & office equipment AED	Protection covers & other equipments AED	Total AED
Cost:							
As at January 1, 2015	113,163,255	598,612	884,500	420,100	925,511	973,512	116,965,490
Additions	--	--	--	--	48,000	--	48,000
Disposals	--	--	--	--	(39,063)	--	(39,063)
As at December 31, 2015	**113,163,255**	**598,612**	**884,500**	**420,100**	**934,448**	**973,512**	**116,974,427**
Accumulated Depreciation:							
As at January 1, 2015	103,157,080	598,592	884,470	345,409	857,724	973,409	106,816,684
Charge for the year	5,004,140	--	--	27,625	37,672	--	5,069,437
Disposals	--	--	--	--	(39,063)	--	(39,063)
As at December 31, 2015	**108,161,220**	**598,592**	**884,470**	**373,034**	**856,333**	**973,409**	**111,847,058**
Impairment of Disposal Group:							
Remeasurement of disposal group	**(2,929,023)**	--	--	--	--	--	**(2,929,023)**
Carrying Amount:							
As at December 31, 2014 – Note 18 (b)	10,006,175	20	30	74,691	67,787	103	10,148,806
As at December 31, 2015 – Note 18 (b)	**2,073,012**	**20**	**30**	**47,066**	**78,115**	**103**	**2,198,346**

ii) The Company's buildings, plant and equipment are constructed on part of the land shown in Note 5.

19. LOSS FROM DISCONTINUED OPERATIONS:

(a) This item consists of the following:

	2015 AED	2014 AED
Sales - Note 19 (b)	**6,421,009**	13,282,172
Cost of Sales - Note 19 (c)	**(8,267,661)**	(15,117,305)
Gross (loss)	**(1,846,652)**	(1,835,133)
Depreciation	**(5,069,437)**	(5,072,273)
Provision for coarse cement	**(227,491)**	(533,334)
Impairment loss on inventories	**--**	(167,831)
Bad debts	**(275,030)**	--
(Loss) from discontinued operations – Exhibit B-1	**(7,418,610)**	(7,608,571)
Basic earnings per share – Discontinued Operations (Note 20)	**(0.020)**	(0.021)

(b) Sales:

The Company's sales amounting to **AED 6,421,009** (AED 13,282,172 for 2014) as shown in **Note 19 (a)** are local sales within UAE.

(c) Cost of sales

This item consists of the following:

	2015 AED	2014 AED
Wages	**1,653,992**	2,677,379
Raw materials	**3,118,880**	10,444,312
Electricity & water	**677,423**	1,289,228
Packaging materials	**72,842**	118,320
Manufacturing overhead	**1,639,764**	1,187,873
Production cost	**7,162,901**	15,717,112
Inventory adjustment	**1,104,760**	(599,807)
Total - Note 19 (a)	**8,267,661**	15,117,305

20. BASIC EARNINGS PER SHARE:

Basic earnings per share are determined by dividing the (loss) / profit for the year over the average number of shares outstanding of ordinary stock during the year.

Particulars	(Loss)/Profit from continuing operations	(Loss)/Profit from discontinued operations	Net
2015 :			
(Loss) attributable to shareholders (A)	(19,089,463)	(7,418,610)	(26,508,073)
Average number of the ordinary shares (B)	363,000,000	363,000,000	363,000,000
Basic earnings per share– (A/B)–**Exhibit B-1**	**(0.053)**	**(0.020)**	**(0.073)**
	=========	=========	=========
2014 :			
Profit/(Loss) attributable to shareholders (A)	13,427,875	(7,608,571)	5,819,304
Average number of the ordinary shares (B)	363,000,000	363,000,000	363,000,000
Basic earnings per share–(A/B)–**Exhibit B-1**	**0.037**	**(0.021)**	**0.016**
	=========	=========	=========

21. RELATED PARTY TRANSACTION:

There are no transactions with related parties during the year ended December 31, 2015.

22. BENEFITS OF THE KEY MANAGEMENT AND MANAGERS:

The benefits of the key management members and managers are as follows:

	2015	2014
	AED	AED
Short-term benefits	**1,463,619**	1,411,619
Allowance for attendance of Board of Directors' meeting	**1,000,000**	1,000,000

23. SEGMENT INFORMATION:

The primary segment reporting format is determined to be business segment as the Company's risks and rate of return are affected predominantly by activity lines. The operating business are organized and managed separately according to the nature of activities, with each segment representing a strategic business unit that offer different business strategies.
The investment segment includes investment activities. The manufacturing segment includes the production and supply of cement. Segment revenue, segment expenses and segment results include transactions between business segments. The manufacturing segment has been discontinued its operations during the year (refer to Note 18 & 19 above).

23. SEGMENT INFORMATION: (continued…)

Business segments

The following table demonstrates revenues and profit information and certain assets and liabilities regarding business segments for the years ended December 31, 2014 and 2015.

	Total		2015		2014	
	2015 AED	2014 AED	**Manufacturing (Discontinued Operation) AED**	**Investment AED**	Manufacturing (Discontinued Operation) AED	Investment AED
Sales	**6,421,009**	13,282,172	**6,421,009**		13,282,172	--
(Loss)/profit from investment	**(8,231,281)**	19,117,119		**(8,231,281)**	--	19,117,119
Allocated expenses (Net)	**(13,839,619)**	(20,890,743)	**(13,839,619)**	**--**	(20,890,743)	--
Net segments results	**(15,649,891)**	11,508,548	**(7,418,610)**	**(8,231,281)**	(7,608,571)	19,117,119
Impairment loss on remeasurement of disposal group	**(5,300,000)**	--				
Unallocated expenses	**(5,558,182)**	(5,689,244)				
(Loss)/profit for the year	**(26,508,073)**	5,819,304				
Segment assets	**682,747,629**	760,017,982	**2,533,693**	**680,213,936**	21,636,217	738,381,765
Segment liabilities	**60,010,474**	56,726,008	**-**	**60,010,474**	**-**	56,726,008
Other segment information						
Land valuation reserve	**126,092,756**	126,092,756	**--**	**126,092,756**	126,092,756	--
(Loss)/profit from investments at FVTOCI	**(28,905,205)**	54,625,366	**--**	**(28,905,205)**	--	54,625,366
Capital expenditure (discontinued operation)	**48,000**	111,756	**48,000**	**--**	111,756	--
Depreciation (discontinued operation)	**5,069,437**	5,072,273	**5,069,437**	**--**	5,072,273	--

23. SEGMENT INFORMATION: (continued…)

Company's geographical segments

The Company's geographical segments are based on the location of the Company's assets. The two geographical segments in which the Company operates comprise of UAE and GCC.

a) **Assets distribution:**

The following table shows the distribution of the Company's segment assets by geographical market:

	TOTAL		UAE		GCC	
	2015	2014	**2015**	2014	**2015**	2014
	AED	AED	**AED**	AED	**AED**	AED
Assets	680,213,936	738,381,765	**644,,741,982**	669,142,301	**35,471,954**	69,239,464
Assets held for sale (discontinued operation)	2,533,693	21,636,217	**2,533,693**	21,636,217	**-**	-
Assets	**682,747,629**	**760,017,982**	**647,275,675**	690,778,518	**35,471,954**	69,239,464

b) **Financial assets at fair value distribution:**

The following table demonstrates financial assets information, the geographical allocation and the nature of activities in which invested:

	Total		December 31, 2015		December 31, 2014	
	December 31, 2015	December 31, 2014	**UAE**	**GCC**	UAE	GCC
1) Investments at FVTOCI	**AED**	AED	**AED**	**AED**	AED	AED
Banking sector	**375,519,158**	401,533,848	**374,634,799**	**884,359**	400,527,643	1,006,205
Finance and investment sector	**13,476,414**	14,788,495	**4,796,100**	**8,680,314**	5,402,000	9,386,495
Real estate sector	**16,627,260**	18,621,103	**1,471,992**	**15,155,268**	2,286,114	16,334,989
Industrial sector	**9,758,873**	10,183,296	**4,227,676**	**5,531,197**	3,691,942	6,491,354
Services sector	**22,697,513**	29,987,030	**13,882,847**	**8,814,666**	15,960,841	14,026,189
Total	**438,079,218**	475,113,772	**399,013,414**	**39,065,804**	427,868,540	47,245,232
2) Investments at FVTPL						
Banking sector	**37,703,139**	50,632,507	**36,755,028**	**948,111**	49,295,670	1,336,837
Finance and investment sector	**2,020,000**	9,369,462	**2,020,000**	--	4,838,540	4,530,922
Real estate sector	**17,043,059**	16,107,886	**17,043,059**	--	16,107,886	--
Industrial sector	**20,435,650**	22,150,693	**20,435,650**	--	10,721,600	11,429,093
Services sector	**3,760,000**	2,809,249	**3,760,000**	--	--	2,809,249
Total	**80,961,848**	101,069,797	**80,013,737**	**948,111**	80,963,696	20,106,101
Total financial assets	**519,041,066**	576,183,569	**479,027,151**	**40,013,915**	508,832,236	67,351,333

24. CREDIT FACILITIES:

a) As of the attached financial statements date, the credit facilities extended to the Company by the bank are as follows:

	AED
Overdraft	**35,000,000**
Bank guarantee (Labour)	**161,000**

b) The above facilities are extended against the following securities.

- 100% margin against bank guarantees.
- Pledge over the following shares:
- Mortgage of investment shares amounting to AED 41,038,089 carried at fair value through other comprehensive income.
- Undertaking to pledge any shares issued under right entitlement or bonus shares by the Companies whose shares are proposed to be mortgaged and dividends, if any, to be credited to account with financing bank.
- Undertaking to pledge additional shares acceptable to the bank whenever the outstanding exceeds 70% of the market value of shares pledged with the bank.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS:

International Financial Reporting Standards require the disclosure of estimated fair values of financial instruments where it is applicable to estimate that value. The use of different assumptions and estimation methods could have a significant effect on fair value amounts. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in an active exchange market.

The carrying values of financial assets and liabilities classified in the statement of financial position within current assets and liabilities which measured at original cost approximate to their respective fair values due to short maturity periods.

26. RISK MANAGEMENT:

The Company monitors and manages the financial risks relating to its business and operations. These risks include: capital risk, market risk (including currency risk and price risk), liquidity risk and credit risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. The Company maintains reports related to functions of risk management and manages, treats and observes risks and policies implemented to eliminate risk exposures.

26. RISK MANAGEMENT (continued….):

(a) *Capital risk:*

Regularly, the Company reviews its capital structure which includes debt and equity securities and considers the cost of capital and the risks associated with each class of the capital. The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders though the optimization of the debt and equity balance.

(b) *Foreign currency risk*:

Foreign currency risk is defined as a risk resulting from the fluctuation in the value of financial instruments as a result of changes in the foreign currency exchange rate. On the date of the financial statements, the Company maintained recognized financial instruments which are exposed to the foreign currency risk that may cause a change in the related cash flow amounts as a result of the fluctuation of foreign currency exchange rates.

The details of the recognized financial instruments in foreign currencies stated in the attached statement of financial position as of December 31, 2015 are as follows:

Description	Type of foreign currency	Carrying value in UAE Dirham
Financial assets – Kuwait	KD	39,065,804
Cash at banks – Kuwait	KD	615,691
Cash at bank – Oman	OMR	30,487
Cash at bank – Qatar	QR	20,066

(c) *Interest rate risk:*

The Company is exposed to interest rate risk resultant from its borrowing. The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances at the start of the financial year.

(d) *Market risk:*

Market risk is defined as the risk which causes fluctuation in financial instruments value as a result of change in market prices. International Financial Reporting Standards require disclosure of the financial instruments that are exposed to fluctuation in its value as a result of change in its market prices. The financial instruments that expose the Company to market price fluctuation risk as at December 31, 2015 comprise of investment in financial assets amounting to AED 519,041,066.

(e) *Liquidity risk:*

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors. 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. The following table shows the maturity dates of the Company's financial assets and financial liabilities as of December 31, 2014 & 2015. The contractual maturity of financial instruments was determined upon the remaining maturity period of financial instrument from the statement of financial position date as follows:

26. RISK MANAGEMENT: (continued…)

e) Liquidity risk: (continued…)

As at December 31, 2015 Financial assets	1 – 90 days AED	91-180 days AED	181-365 days AED	More than one year AED	Total AED
Investment at FVTOCI	--	--	--	438,079,218	438,079,218
Investment at FVTPL	80,961,848	--	--	--	80,961,848
Notes receivables and others	288,338	--	--	160,590	448,928
Cash and cash equivalents	738,255	--	--	--	738,255
Total financial assets	**81,988,441**	--	--	**438,239,808**	**520,228,249**
Assets held for sale (discontinued operation)	2,533,693	--	--	--	2,533,693
Total Assets	**84,522,134**	**--**	**--**	**438,239,808**	**522,761,942**
Financial liabilities					
End of service benefits obligation	--	--	--	972,206	972,206
Trade accounts payable and others	1,518,361	--	4,259	--	1,522,620
Unclaimed dividends	33,262,599	--	--	--	33,262,599
Bank overdraft	24,253,049	--	--	--	24,253,049
Total	**59,034,009**		**4,259**	**972,206**	**60,010,474**

As at December 31, 2014 Financial assets	1 – 90 days AED	91-180 days AED	181-365 days AED	More than one year AED	Total AED
Investment at FVTOCI	--	--	--	475,113,772	475,113,772
Investment at FVTPL	101,069,797	--	--	--	101,069,797
Notes receivables and others	1,435,455	--	--	160,590	1,596,045
Cash and cash equivalents	565,304	--	--	--	565,304
Total financial assets	103,070,556	--	--	475,274,362	578,344,918
Assets held for sale (discontinued operation)	21,636,217	--	--	--	21,636,217
Total Assets	**124,706,773**	--	--	**475,274,362**	**599,981,135**
Financial liabilities					
End of service benefits obligation	--	--	--	1,225,353	1,225,353
Trade accounts payable and others	1,977,878	4,250	4,250	--	1,986,378
Unclaimed dividends	32,912,675	--	--	--	32,912,675
Bank overdraft	20,601,602	--	--	--	20,601,602
Total	**55,492,155**	**4,250**	**4,250**	**1,225,353**	**56,726,008**

26. RISK MANAGEMENT: (continued…)

(f) Credit risk:
International Financial Reporting Standards require disclosure of information about the Company's exposure to credit risk.

The financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable and notes receivable.

27. CONTINGENT LIABILITIES:

Contingent liabilities as of the financial position date comprises of bank guarantees amounting to AED 160,590.

The Company is engaged in the activity of investment in shares as of the statement of financial position date. However, the Company's Articles of Association has not been modified yet to allow with respect to the activity of investment in shares.

28. APPROVAL OF THE FINANCIAL STATEMENTS:

These financial statements have been approved by the Company's Board of Directors for issue on March 19, 2016.

29. GENERAL:

a) Prior year's comparative figures have been restated / reclassified wherever necessary for the purpose of comparison to show the discontinued operation separately from continued operations.

b) The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.