

UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.  
(FORMERLY 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, 2016

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY 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, 2016**

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**Table of Contents**

	<b><u>Page</u></b>	<b><u>Exhibit</u></b>
Independent Auditor's Report	1-5	--
Statement of Financial Position	6	A
Statement of Income	7	B - 1
Statement of Comprehensive Income	8	B - 2
Statement of Changes in Equity	9	C
Statement of Cash Flows	10	D
Notes to the Financial Statements	11 - 31	--

## INDEPENDENT AUDITORS' REPORT

101480009

### To the Shareholders

**Umm Al Qaiwain General Investments Company P.S.C.**  
**(Formerly Umm Al Qaiwain Cement Industries Co.)**  
**Umm Al Qaiwain - United Arab Emirates.**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Umm Al Qaiwain General Investments Company P.S.C. (Formerly Umm Al Qaiwain Cement Industries Co.)**, ("the Company"), which comprise the statement of financial position as at December 31, 2016, and the statement of income and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements and summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed on the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matters to be communicated in our report.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### **Valuation of investments**

The Company possesses investments in securities comprised of quoted investments carried at fair value through other comprehensive income (FVTOCI). The valuation of these investments is arrived at by reference to the quoted bid prices in an active market.

Investments at fair value through other comprehensive income (FVTOCI) are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the cumulative changes in fair value reserve.

We consider the above investments at fair value through other comprehensive income (FVTOCI) a key audit matter due to the materiality of investments and inconsistency and fluctuation in quoted bid prices in an active market.

We performed the following audit procedures to test the valuation of investments carried at FVTOCI and related changes in fair value reserve classified under statement of equity.

- We obtained the list of all quoted investments carried at FVTOCI and tested it for accuracy.
- We verified the fair market values of all quoted investments with quoted active bid prices in the stock exchange in which they are listed.
- We verified changes in fair value reserve of investments carried at FVTOCI classified under statement of equity.
- We also assessed the adequacy of the Company's disclosures in the financial statements for the re-measurement of quoted investments carried at FVTOCI and its related changes in fair value.

### ***Other Information***

Management is responsible for the other information. Other information consists of information included in the Company's Report of 2016, other than the financial statements and our auditors' report thereon. We obtained the report of the Board of Directors, prior to the date of our auditors' report.

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read and other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and those charged with governance for the Financial Statements*

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

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **Report on other legal and regulatory requirements**

As required by UAE Federal Law No. (2) of 2015 we report that:

1. We have obtained all the information and explanation we considered necessary for our audit.
2. The financial statements comply, in all material respect with the applicable provisions of UAE Federal Law No. (2) of 2015 and the Articles of Association of the Company.
3. The Company has maintained proper books of accounts.
4. The financial information included in the Directors' report is consistent with the books of account of the Company.
5. Transactions and term with related parties disclosed in Note 20.
6. Investments and shares purchased by the Company during the current year disclosed in Note 6 and Note 7.
7. The Social Contribution made during the year disclosed in Note 28.
8. Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended December 31, 2016 any of the applicable provisions of UAE Federal Law No. (2) of 2015 or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

For **TALAL ABU-GHAZALEH & CO. INTERNATIONAL**

  
**TALAT ZABEN**  
**LICENSED AUDITOR NO. 68**

Ras Al Khaimah  
February 18, 2017

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**

**A PUBLIC SHAREHOLDING COMPANY**

**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

**EXHIBIT A**

**ASSETS**

	<u>Notes</u>	<u>2016</u> <u>AED</u>	<u>2015</u> <u>AED</u>
<b>Non-current assets</b>			
Lands	3.3 & 5	159,932,441	159,932,441
Investments at fair value through other comprehensive income (FVTOCI)	3.6 & 6	<u>391,322,031</u>	<u>438,079,218</u>
<b>Total non-current assets</b>		<u><b>551,254,472</b></u>	<u><b>598,011,659</b></u>
<b>Current assets</b>			
Investment at fair value through profit and loss (FVTPL)	3.6 & 7	88,062,514	80,961,848
Notes receivable		--	141,562
Other receivables	3.8 & 8	2,773,891	360,612
Cash and banks	3.9 & 9	<u>3,517,824</u>	<u>738,255</u>
<b>Total current assets</b>		<u><b>94,354,229</b></u>	<u><b>82,202,277</b></u>
<b>Assets held-for-sale (discontinued operations)</b>	3.15 & 17 (b)	<u><b>2,531,286</b></u>	<u><b>2,533,693</b></u>
<b>TOTAL ASSETS</b>		<u><b>648,139,987</b></u>	<u><b>682,747,629</b></u>

**SHAREHOLDERS' EQUITY AND LIABILITIES**

**Shareholders' equity**

Capital	10 (a)	363,000,000	363,000,000
Reserves	10 (b)	31,502,072	28,601,284
Investment revaluation reserve – FVTOCI	10 (c)	61,329,952	105,043,115
Land valuation reserve		126,092,756	126,092,756
Retained earnings		<u>27,598,447</u>	<u>--</u>
<b>Total shareholders' equity – Exhibit C</b>		<u><b>609,523,227</b></u>	<u><b>622,737,155</b></u>

**Non-current liabilities**

End of service benefits obligation	3.10 & 11	<u>871,624</u>	<u>972,206</u>
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**Current liabilities**

Advance payment received from sale of assets held-for-sale	3.15 & 17 (c)	3,000,000	--
Trade accounts payable and others	3.11 & 12	518,289	1,522,620
Unclaimed dividends	13	32,905,334	33,262,599
Bank overdraft		<u>1,321,513</u>	<u>24,253,049</u>
<b>Total current liabilities</b>		<u><b>37,745,136</b></u>	<u><b>59,038,268</b></u>

**Total liabilities**

**38,616,760**      **60,010,474**

**TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES**

**648,139,987**      **682,747,629**

*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 GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY 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, 2016**

**EXHIBIT B - 1**

	<u>Notes</u>	<u>2016</u> <u>AED</u>	<u>2015</u> <u>AED</u>
Profit from investment in shares	14	26,259,828	20,785,552
Changes in fair value of investment at FVTPL	7	7,730,057	(25,478,711)
Administrative expenses	15	(2,971,365)	(4,685,670)
Loss on foreign exchange		(986,782)	(3,538,128)
Other income	16	19,963	354
Finance costs		(213,487)	(872,860)
Impairment losses on remeasurement of disposal group	17(a)	--	(5,300,000)
<b>Profit / (loss) from continuing operations</b>		<b><u>29,838,214</u></b>	<b><u>(19,089,463)</u></b>
<i>Discontinued operations</i>			
Loss from discontinued operation	18	(830,337)	(7,418,610)
<b>PROFIT / (LOSS) FOR THE YEAR – EXHIBIT B-2</b>		<b><u>29,007,877</u></b>	<b><u>(26,508,073)</u></b>
Basic earnings / (loss) per share	19	0,080	(0.073)
Basic earnings / (loss) per share – Continuing operations	19	0,082	(0.053)

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**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
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**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT B - 2**

	<u>Notes</u>	<u>2016</u> <u>AED</u>	<u>2015</u> <u>AED</u>
Profit / (Loss) for the year - Exhibit B - 1		29,007,877	(26,508,073)
<b><u>Other comprehensive income</u></b>		-----	-----
Changes in fair value of investments at FVTOCI	6	(42,765,414)	(28,905,205)
Profit from sale of investments at FVTOCI		543,609	268,459
<b>Other comprehensive income</b>		<b><u>(42,221,805)</u></b>	<b><u>(28,636,746)</u></b>
<b>Total comprehensive (loss) for the year – Exhibit C</b>		<b><u>(13,213,928)</u></b>	<b><u>(55,144,819)</u></b>

*THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
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**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
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**A PUBLIC SHARE HOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016**

**EXHIBIT C**

<u>Description</u>	<u>Capital</u> <u>AED</u>	<u>Reserves</u> <u>AED</u>	<u>Investment</u> <u>revaluation</u> <u>reserve -</u> <u>FVTOCI</u> <u>AED</u>	<u>Land</u> <u>valuation</u> <u>reserve</u> <u>AED</u>	<u>Retained</u> <u>earnings</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Shareholders' equity at December 31, 2014	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)
<b>Total comprehensive loss for the year - Exhibit B - 2</b>	--	--	<b>(28,905,205)</b>	--	<b>(26,239,614)</b>	<b>(55,144,819)</b>
Dividends	--	--	--	--	(25,410,000)	(25,410,000)
Transfer to accumulated 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	--
<b>Shareholders' equity at December 31, 2015 - Exhibit A</b>	<b>363,000,000</b>	<b>28,601,284</b>	<b>105,043,115</b>	<b>126,092,756</b>	<b>--</b>	<b>622,737,155</b>
<b>Profit for the year 2016 - Exhibit B - 1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>29,007,877</b>	<b>29,007,877</b>
<b>Other comprehensive (loss) / income</b>	<b>--</b>	<b>--</b>	<b>(42,765,414)</b>	<b>--</b>	<b>543,609</b>	<b>(42,221,805)</b>
<b>Total comprehensive loss for the year - Exhibit B - 2</b>	<b>--</b>	<b>--</b>	<b>(42,765,414)</b>	<b>--</b>	<b>29,551,486</b>	<b>(13,213,928)</b>
Dividends	--	--	--	--	--	--
Transfer to accumulated profit on sale of investment at FVTOCI	--	--	(947,749)	--	947,749	--
Transferred to statutory reserve	--	2,900,788	--	--	(2,900,788)	--
<b>Shareholders' equity at December 31, 2016 - Exhibit A</b>	<b>363,000,000</b>	<b>31,502,072</b>	<b>61,329,952</b>	<b>126,092,756</b>	<b>27,598,447</b>	<b>609,523,227</b>

*THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THESE FINANCIAL STATEMENTS*

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY 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, 2016**

**EXHIBIT D**

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
<b>Cash Flows from Operating Activities</b>		
Profit / (loss) for the year - Exhibit B-1	29,007,877	(26,508,073)
<b>Adjustments for:</b>		
Depreciation	--	5,069,437
Provision for coarse cement	--	227,491
End of service benefits obligation	(100,582)	(253,147)
Profit from investment in shares	(26,259,828)	(20,785,552)
Changes in fair value of investment at FVTPL	(7,730,057)	25,478,711
Impairment losses on remeasurement of disposal group	--	5,300,000
Loss on foreign exchange	986,782	3,538,128
Bank interest	(1,884)	(6)
Bad debts	--	275,030
Finance costs	<u>213,487</u>	<u>872,860</u>
<b>Operating loss before working capital changes</b>	<b>(3,884,205)</b>	<b>(6,785,121)</b>
Decrease in inventories	--	5,183,765
Decrease in trade accounts receivable and others	140,367	3,751,957
(Decrease) in trade accounts payable and others	<u>(1,004,331)</u>	<u>(463,758)</u>
<b>Cash (used in)/provided by operating activities</b>	<b>(4,748,169)</b>	<b>1,686,843</b>
Decrease in assets held for sale (discontinued operation)	2,407	--
Finance costs paid	(213,487)	(872,860)
Advance payment received from sale of assets held-for-sale (discontinued operation)	<u>3,000,000</u>	<u>--</u>
<b>Net cash (used in)/provided by operating activities</b>	<b>(1,959,249)</b>	<b>813,983</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	--	(48,000)
Net movements of investment in shares	3,634,382	(779,541)
Profit received from investment in shares	24,391,353	21,595,132
Bank interest received	<u>1,884</u>	<u>6</u>
<b>Net cash provided by investing activities</b>	<b>28,027,619</b>	<b>20,767,597</b>
<b>Cash Flows from Financing Activities</b>		
Payment to shareholders	(357,265)	(25,060,076)
Bank overdraft	<u>(22,931,536)</u>	<u>3,651,447</u>
<b>Net cash (used in) financing activities</b>	<b>(23,288,801)</b>	<b>(21,408,629)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,779,569</b>	<b>172,951</b>
Cash and cash equivalents at the beginning of the year	738,255	565,304
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – Notes 3.9, 9 &amp; Exhibit A</b>	<b>3,517,824</b>	<b>738,255</b>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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**1. GENERAL INFORMATION:**

**Umm Al Qaiwain General Investments Company P.S.C. (Formerly 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 duly registered with the competent governmental authorities according to the law of United Arab Emirates for production and trading of cement and importing the raw materials required for production and trading. The Company had possessed a factory for manufacturing and trading of cement. The Company started its commercial production after set-up and establishing the cement factory in October 1993.

The Company is domiciled at Umm Al Qaiwain, United Arab Emirates. The Company's lifetime period is one hundred years, and commenced from the registration date with concerned authorities.

During the preceding year 2015, the Company had discontinued its operations for production and sale of cement as decided in Ordinary General Assembly Meeting on April 18, 2015. The Company has changed 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 has been changed to **Umm Al Quwain General Investments P.S.C.** and new commercial activities 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, 2017 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 assets held-for-sale are situated.

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.

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**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**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:

<u>Asset category</u>	<u>Years</u>
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.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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**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.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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**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.



**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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**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 statement 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.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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

**3.16 Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Gain on sale of investments included the difference between the net cash proceeds from sales and the carrying amount of the investment sold.

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.

**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, 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.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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**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 22.

**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.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**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. LANDS:**

- Lands amounting to **AED 159,932,441** (2015: AED 159,932,441) as shown in **Exhibit A** includes land on which assets held-for-sale are situated, in addition to the port land. The port land was valued 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 lands 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:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Fair value at January 1	438,079,218	475,113,772
Net movement during the year	(3,991,773)	(8,129,349)
Changes in fair value – Exhibit B-2	<u>(42,765,414)</u>	<u>(28,905,205)</u>
<b>Fair value at December 31 – Exhibit A</b>	<b><u>391,322,031</u></b>	<b><u>438,079,218</u></b>

- b) Investments at fair value through other comprehensive income (FVTOCI) include shares amounting to AED 15,933,634 (2015: AED 41,038,089) being mortgaged with the bank against credit facilities obtained.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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

The transactions over these investments are as follows:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Fair value at January 1	80,961,848	101,069,797
Net movement during the year	(629,391)	5,370,762
Changes in fair value – Exhibit B-1	<u>7,730,057</u>	<u>(25,478,711)</u>
<b>Fair value at December 31 – Exhibit A</b>	<b><u>88,062,514</u></b>	<b><u>80,961,848</u></b>

**8. OTHER RECEIVABLES:**

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Prepaid expenses	53,616	53,246
Receivables on investment in shares	2,503,881	91,796
Bank guarantees	160,590	160,590
Others	<u>55,804</u>	<u>54,980</u>
<b>Total – Exhibit A</b>	<b><u>2,773,891</u></b>	<b><u>360,612</u></b>

**9. CASH AND BANKS:**

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Petty cash	17,948	25,996
Cash on hand	--	17,870
Cash at banks – UAE	2,593,254	28,145
Cash at banks – Kuwait	839,365	615,691
Cash at bank – Qatar	--	20,066
Cash at bank – Oman	<u>67,257</u>	<u>30,487</u>
<b>Total – Exhibits A &amp; D</b>	<b><u>3,517,824</u></b>	<b><u>738,255</u></b>

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**10. 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 general assembly of the company special decision 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.
- 2) The movements over statutory reserve during the year are as follows:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Balance at January 1	28,601,284	45,932,988
Offset of accumulated losses	--	(17,331,704)
Transferred from 2016 profit	<u>2,900,788</u>	<u>--</u>
<b>Balance at December 31 – Exhibit A</b>	<b><u>31,502,072</u></b>	<b><u>28,601,284</u></b>
	=====	=====

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**10. SHAREHOLDERS' EQUITY: (continued...)**

3) The General Assembly approved to offset accumulated losses with the statutory reserve at its meeting held on March 19, 2016.

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.

d) **PROPOSED DIVIDENDS:**

Board of Directors proposed to the general Assembly Meeting to approve the following distribution of profit:

- 1) Proposed dividends to shareholders 7% of the paid-up capital amounting to AED 25,410,000 (Nil for 2015).
- 2) Proposed Board of Director remuneration is AED 1,000,000 (Nil for 2015).

**11. END OF SERVICE BENEFITS OBLIGATION:**

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

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Balance at January 1	972,206	1,225,353
Current service cost	229,694	314,969
Payments	<u>(330,276)</u>	<u>(568,116)</u>
<b>Balance at December 31 – Exhibit A</b>	<b>871,624</b>	<b>972,206</b>
	=====	=====

**12. TRADE ACCOUNTS PAYABLE AND OTHERS:**

a) This item comprises of the following:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Trade accounts payable	17,726	88,284
Notes payables	39,751	12,759
Other payables - Note 12 (b)	<u>460,812</u>	<u>1,421,577</u>
<b>Total – Exhibit A</b>	<b>518,289</b>	<b>1,522,620</b>
	=====	=====

b) **Other payables:**

This item comprises of the following:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Provision for Board of Directors' attendance fees	--	1,000,000
Accrued expenses	84,879	94,879
Short-term employees benefits – Note 3.12	156,413	270,147
Employees' bonus	100,000	37,800
Others	<u>119,520</u>	<u>18,751</u>
<b>Total – Note 12 (a) above</b>	<b>460,812</b>	<b>1,421,577</b>
	=====	=====

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**13. UNCLAIMED DIVIDENDS:**

a) This item consists of the following:

	<u>2016</u> <u>AED</u>	<u>2015</u> <u>AED</u>
Unclaimed dividends in arrears	31,346,926	31,703,939
Shareholding creditors resulting from reduction of capital – Note 13 (b)	<u>1,558,408</u>	<u>1,558,660</u>
<b>Total – Exhibit A</b>	<u><u>32,905,334</u></u>	<u><u>33,262,599</u></u>

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.

**14. PROFIT FROM INVESTMENT IN SHARES:**

This item consists of the following:

	<u>2016</u> <u>AED</u>	<u>2015</u> <u>AED</u>
Profit from sale of investment in shares	1,622,300	2,390,761
Dividend received	<u>24,637,528</u>	<u>18,394,791</u>
<b>Total – Exhibit B -1</b>	<u><u>26,259,828</u></u>	<u><u>20,785,552</u></u>

**15. ADMINISTRATIVE EXPENSE:**

This item consists of the following:

	<u>2016</u> <u>AED</u>	<u>2015</u> <u>AED</u>
Salaries & wages	1,250,479	1,401,129
Board of Directors' attendance fees	--	1,000,000
Employees' bonus	100,000	37,800
End of service benefits	165,049	136,556
Short-term employees' benefits	46,653	54,128
Rent	134,869	137,083
Electricity & water	262,155	566,128
Professional fees	369,232	336,234
Air tickets	71,525	133,117
Sundry expenses	<u>571,403</u>	<u>883,495</u>
<b>Total – Exhibit B -1</b>	<u><u>2,971,365</u></u>	<u><u>4,685,670</u></u>



**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**16. OTHER INCOME:**

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Bank interest	1,884	6
Sundry income	<u>18,079</u>	<u>348</u>
<b>Total – Exhibit B -1</b>	<u><u>19,963</u></u>	<u><u>354</u></u>

**17. 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, 2016 and 2015 the disposal group was stated at their carrying amount less impairment losses on remeasurement of disposal group and comprised of the following assets:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Property, plant and equipment	2,198,346	2,198,346
Inventories	332,940	335,000
Trade accounts receivable	--	347
<b>Assets held-for-sale – Exhibit A</b>	<u><u>2,531,286</u></u>	<u><u>2,533,693</u></u>

**c) Advance payments received from sale assets held for sale:**

- During the financial year 2016, the Company signed a contract for assets held-for-sale amounting to AED 5,000,000. The Company received an advance amount of AED 3,000,000 during December 2016. The Company will deliver all the assets held-for-sale no later than August 2017.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**18. LOSS FROM DISCONTINUED OPERATIONS:**

This item consists of the following:

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Sales	--	6,421,009
Cost of Sales	--	(8,267,661)
Gross loss	--	(1,846,652)
Depreciation	--	(5,069,437)
Provision for coarse cement	--	(227,491)
Salaries	616,383	--
Electricity & water	156,127	--
Sundry expenses	57,827	--
Bad debts	--	(275,030)
<b>Loss from discontinued operations – Exhibit B-1</b>	<b>(830,337)</b>	<b>(7,418,610)</b>
<b>Loss per share from Discontinued Operations</b>	<b>(0.002)</b>	<b>(0.020)</b>

**19. 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.

<u>Particulars</u>	<u>(Loss)/Profit</u>		<u>Net</u>
	<u>from</u> <u>continuing</u> <u>operations</u>	<u>Loss from</u> <u>discontinue</u> <u>d operations</u>	
<b>2016 :</b>			
Profit / (loss) attributable to shareholders	29,838,214	(830,337)	29,007,877
Average number of the ordinary shares	363,000,000	363,000,000	363,000,000
Basic earnings/(loss) per share – <b>Exhibit B-1</b>	<b>0,082</b>	<b>(0,002)</b>	<b>0,080</b>
<b>2015 :</b>			
Profit/(loss) attributable to shareholders	(19,089,463)	(7,418,610)	(26,508,073)
Average number of the ordinary shares	363,000,000	363,000,000	363,000,000
Basic loss per share – <b>Exhibit B-1</b>	<b>(0.053)</b>	<b>(0.020)</b>	<b>(0.073)</b>

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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**20. RELATED PARTY TRANSACTION:**

There are no transactions with related parties during the year ended December 31, 2016.

**21. BENEFITS OF THE KEY MANAGEMENT AND MANAGERS:**

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

	<u>2016</u>	<u>2015</u>
	<u>AED</u>	<u>AED</u>
Short-term benefits	977,301	1,463,619
Allowance for attendance of Board of Directors' meeting	--	1,000,000

**22. 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.

**Business segments**

The following table demonstrates revenues and profit information and certain assets and liabilities regarding business segments for the years ended December 31, 2016 and 2015.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**

**UMM AL QAIWAIN**

**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**22. SEGMENT INFORMATION: (continued...)**

**Business segments**

	Total		2016		2015	
	2016 AED	2015 AED	Manufacturing (Discontinued Operation) AED	Investment AED	Manufacturing (Discontinued Operation) AED	Investment AED
Sales	--	6,421,009	--	--	6,421,009	--
Profit/(loss) from investment	33,004,987	(8,231,281)	--	33,004,987	--	(8,231,281)
Allocated expenses (Net)	(830,337)	(13,839,619)	(830,337)	--	(13,839,619)	--
<b>Net segments results</b>	<b>32,174,650</b>	<b>(15,649,891)</b>	<b>(830,337)</b>	<b>33,004,987</b>	<b>(7,418,610)</b>	<b>(8,231,281)</b>
Impairment loss on remeasurement of disposal group	--	(5,300,000)	--	--	--	--
Unallocated expenses	(3,166,773)	(5,558,182)	--	--	--	--
<b>Profit/(loss) for the year</b>	<b>29,007,877</b>	<b>(26,508,073)</b>	<b>(830,337)</b>	<b>33,004,987</b>	<b>(7,418,610)</b>	<b>(8,231,281)</b>
<b>Segment assets</b>	<b>648,139,987</b>	<b>682,747,629</b>	<b>2,531,286</b>	<b>645,608,701</b>	<b>2,533,693</b>	<b>680,213,936</b>
<b>Segment liabilities</b>	<b>38,616,760</b>	<b>60,010,474</b>	<b>--</b>	<b>38,616,760</b>	<b>--</b>	<b>60,010,474</b>
<b>Other segment information</b>						
Land valuation reserve	126,092,756	126,092,756	--	126,092,756	--	126,092,756
Loss from investments at FVTOC	(42,765,414)	(28,905,205)	--	(42,765,414)	--	(28,905,205)
Capital expenditure (discontinued operation)	--	48,000	--	--	48,000	--
Depreciation (discontinued operation)	--	5,069,437	--	--	5,069,437	--

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**

**UMM AL QAIWAIN**

**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**22. 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:

	2016		2015		2016		2015		2016		2015	
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	
Assets	645,608,701	680,213,936	614,601,236	644,741,982	31,007,465	35,471,954						
Assets held-for-sale (discontinued operation)	2,531,286	2,533,693	2,531,286	2,533,693	--	--						
<b>Assets</b>	<b>648,139,987</b>	<b>682,747,629</b>	<b>617,132,522</b>	<b>647,275,675</b>	<b>31,007,465</b>	<b>35,471,954</b>						

**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:

	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015	
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
<b>1) Investments at FV/OCI</b>												
Banking sector	332,266,694	375,519,158	331,570,710	695,984	574,634,799	884,359						
Finance and investment sector	11,165,996	13,476,414	3,723,000	7,442,996	4,796,100	8,680,314						
Real estate sector	14,898,005	16,627,260	8,723,633	6,174,372	1,471,992	15,155,268						
Industrial sector	10,129,666	9,758,873	3,248,194	6,881,472	4,227,676	5,531,197						
Services sector	22,861,670	22,697,513	15,093,384	7,768,286	13,882,847	8,814,666						
<b>Total</b>	<b>391,322,031</b>	<b>438,079,218</b>	<b>362,358,921</b>	<b>28,963,110</b>	<b>399,013,414</b>	<b>39,065,804</b>						
<b>2) Investments at FV/PL</b>												
Banking sector	42,628,033	37,703,139	41,490,299	1,137,734	36,755,028	948,111						
Finance and investment sector	2,380,000	2,020,000	2,380,000	--	2,020,000	--						
Real estate sector	20,612,642	17,043,059	20,612,642	--	17,043,059	--						
Industrial sector	17,251,839	20,435,650	17,251,839	--	20,435,650	--						
Services sector	5,190,000	3,760,000	5,190,000	--	3,760,000	--						
<b>Total</b>	<b>88,062,514</b>	<b>80,961,848</b>	<b>86,924,780</b>	<b>1,137,734</b>	<b>80,013,737</b>	<b>948,111</b>						
<b>Total financial assets</b>	<b>479,384,545</b>	<b>519,041,066</b>	<b>449,283,701</b>	<b>30,100,844</b>	<b>479,027,151</b>	<b>40,013,915</b>						

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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**23. CREDIT FACILITIES:**

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

	<b><u>AED</u></b>
Overdraft	<b>35,000,000</b>
Bank guarantee (Labour)	<b>161,000</b>

- 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 15,933,634 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.

**24. 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.

**25. 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.

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**25. 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 through 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, 2016 are as follows:

<u>Description</u>	<u>Type of foreign currency</u>	<u>Carrying value in UAE Dirham</u>
Financial assets – Kuwait	KD	28,963,110
Cash at bank – Kuwait	KD	839,365
Cash at bank – Oman	OMR	67,257

**(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, 2016 comprise of investment in financial assets amounting to AED 479,384,545.

**(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, 2016 & 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:

**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

**25. RISK MANAGEMENT: (continued...)**

**e) Liquidity risk: (continued...)**

<u>As at December 31, 2016</u>	<u>1 – 90</u> <u>days</u> <u>AED</u>	<u>91-180</u> <u>days</u> <u>AED</u>	<u>181-365</u> <u>days</u> <u>AED</u>	<u>More than</u> <u>one year</u> <u>AED</u>	<u>Total</u> <u>AED</u>
<b>Financial assets</b>					
Investment at FVTOCI	--	--	--	391,322,031	391,322,031
Investment at FVTPL	88,062,514	--	--	--	88,062,514
Other accounts receivable	2,559,685	--	--	160,590	2,720,275
Cash and cash equivalents	<u>3,517,824</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,517,824</u>
<b>Total financial assets</b>	<u>94,140,023</u>	<u>--</u>	<u>--</u>	<u>391,482,621</u>	<u>485,622,644</u>
Assets held for sale (discontinued operation)	<u>2,531,286</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,531,286</u>
<b>Total Assets</b>	<u><u>96,671,309</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>391,482,621</u></u>	<u><u>488,153,930</u></u>
<b>Financial liabilities</b>					
End of service benefits obligation	--	--	--	871,624	871,624
Advance payment received from sale of assets held-for-sale	3,000,000	--	--	--	3,000,000
Trade accounts payable and others	518,289	--	--	--	518,289
Unclaimed dividends	32,905,334	--	--	--	32,905,334
Bank overdraft	<u>1,321,513</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,321,513</u>
<b>Total</b>	<u><u>37,745,136</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>871,624</u></u>	<u><u>38,616,760</u></u>
<b>As at December 31, 2015</b>					
<b>Financial assets</b>					
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	<u>738,255</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>738,255</u>
<b>Total financial assets</b>	<u><u>81,988,441</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>438,239,808</u></u>	<u><u>520,228,249</u></u>
Assets held for sale (discontinued operation)	<u>2,533,693</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,533,693</u>
<b>Total Assets</b>	<u><u>84,522,134</u></u>	<u><u>--</u></u>	<u><u>--</u></u>	<u><u>438,239,808</u></u>	<u><u>522,761,942</u></u>
<b>Financial liabilities</b>					
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	<u>24,253,049</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>24,253,049</u>
<b>Total</b>	<u><u>59,034,009</u></u>	<u><u>--</u></u>	<u><u>4,259</u></u>	<u><u>972,206</u></u>	<u><u>60,010,474</u></u>



**UMM AL QAIWAIN GENERAL INVESTMENTS COMPANY P.S.C.**  
**(FORMERLY UMM AL QAIWAIN CEMENT INDUSTRIES CO.)**  
**A PUBLIC SHAREHOLDING COMPANY**  
**UMM AL QAIWAIN**  
**UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (continued...)**

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**25. 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 receivables on investments.

**26. CONTINGENT LIABILITIES:**

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

**27. APPROVAL OF THE FINANCIAL STATEMENTS:**

These financial statements have been approved by the Company's Board of Directors for issue on February 18, 2017.

**28. SOCIAL CONTRIBUTION:**

There are no social contribution during the year ended December 31, 2016.

**29. GENERAL:**

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