ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

PUBLIC JOINT STOCK

ABU DHABI - UNITED ARAB EMIRATES

REVIEW REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
PUBLIC JOINT STOCK
ABU DHABI - UNITED ARAB EMIRATES

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REVIEW REPORT

The Shareholders
Abu Dhabi National Company for Building Materials
Public Joint Stock
Abu Dhabi - United Arab Emirates

Introduction

We have reviewed the accompanying interim financial statements of **Abu Dhabi National Company for Building Materials** - Public Joint Stock- Abu Dhabi, as at March 31, 2016 which comprise the consolidated interim statement of financial position as at March 31, 2016 and the related consolidated interim statement of comprehensive income, consolidated interim statement of changes in shareholders' equity and consolidated interim statement of cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim financial statements in accordance with ("IAS 34") Interim Financial Reporting. Our responsibility is to express a conclusion of these consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the company." A review of financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit

Other matter

The financial statements for the year ended 31 December 2015 were audited by another independent auditor who expressed an unqualified on those statements on 14 March 2016.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements does not present fairly, in all material respects, the financial position of **Abu Dhabi National Company for Building Materials** as at March 31, 2016 and its cash flows for the three-month period then ended in accordance with IAS 34.

Talal Abu Ghazaleh & Co. International

Firas Kilani
Licensed Auditor No. 632

15 May 2016

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

PUBLIC JOINT STOCK

ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT A

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

ASSETS	NOTE	31 March 2016 (Unaudited)	31 December 2015 (Audited)
CURRENT ASSETS			
Cash and cash equivalents	5	**7,286,428**	648,040
Bank term deposit	19	**630,701**	630,647
Trade and other receivables	6	**48,700,914**	44,534,407
Other current assets	7	**2,600,116**	1,925,641
Inventories	8	**28,098,767**	28,819,424
Total current assets		**87,316,926**	76,558,159
NON-CURRENT ASSETS			
Property and equipment	9	**202,241,551**	204,560,947
Investments designated at fair value through other comprehensive income (FVTOCI)	10	**252,824,537**	228,440,059
Other investments	11	**83,325**	83,325
Investments properties under constrution	12	**176,294,182**	176,249,099
Investments properties	13	----	----
Total non - current assets		**631,443,595**	609,333,430
TOTAL ASSETS		**718,760,521**	685,891,589

Managing Director

General Manager

Chairman

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

PUBLIC JOINT STOCK

ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT A

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

SHAREHOLDERS' EQUITY AND LIABILITIES		31 March 2016 (Unaudited)	31 December 2015 (Audited)
CURRENT LIABILITIES			
Bank over draft	19	**28,850,181**	26,233,216
Borrowings - current	14	**55,487,286**	55,487,286
Trade and other payables	15	**81,796,753**	54,158,282
Total current liabilities		**166,134,220**	135,878,784
NON-CURRENT LIABILITIES			
Borrowings - non - current	14	**192,345,486**	202,392,561
End of service benefits obligation		**2,663,725**	2,542,607
Total non - current liabilities		**195,009,211**	204,935,168
SHAREHOLDERS' EQUITY			
Capital	16	**300,000,000**	300,000,000
Statutory reserve		**43,563,324**	43,563,324
Capital reserve		**195,620,598**	195,620,598
Investment revaluation reserve		**(109,482,814)**	(148,907,660)
Accumulated (losses)		**(77,563,958)**	(50,514,407)
Net		**352,137,150**	339,761,855
Non controlling interest		**5,479,940**	5,315,782
Net shareholders' equity - Exhibit C		**357,617,090**	345,077,637
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**718,760,521**	685,891,589

Managing Director

General Manager

Chairman

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

PUBLIC JOINT STOCK

ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT B

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

		3 Months ended 31 March	
	NOTE	2016 (Unaudited)	2015 (Unaudited)
Revenue		14,296,116	8,349,266
Direct costs		(15,702,158)	(9,776,738)
Gross (loss)		(1,406,042)	(1,427,472)
General and administrative expenses	17	(2,521,178)	(2,385,312)
Finance cost		(3,437,008)	(1,156,783)
Other (loss) / income	18	(19,521,165)	1,654,660
(Loss) for the period - Exhibit C & D		(26,885,393)	(3,314,907)
(Loss) for the period attributable to:			
Abu Dhabi National Company for Building Materials		(27,049,551)	(3,293,869)
Non controlling interest		164,158	(21,038)
Total		(26,885,393)	(3,314,907)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
PUBLIC JOINT STOCK
ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT B

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

		3 Months ended 31 March	
	NOTE	2016 (Unaudited)	2015 (Unaudited)
Other comprehensive income			
Unrealized gain / (loss) on revaluation of investment in financial assets	10 (b)	39,424,846	(27,370,347)
Total other comprehensive income / (loss) for the period		39,424,846	(27,370,347)
Total comprehensive income / (loss) for the period - Exhibit C		12,539,453	(30,685,254)
(Loss) earning per share		(0.090)	(0.011)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS
PUBLIC JOINT STOCK
ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT C

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016
(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	Capital	Statutory reserve	Capital reserve	Investment revaluation reserve	Accumulated (losses)	Total	Non controlling interest	Total
Shareholders' equity at 1 January 2015 (Audited)	300,000,000	43,563,324	195,620,598	(111,445,675)	(30,403,795)	397,334,452	5,267,285	402,601,737
Total comprehensive (loss) for the period - Exhibit B	----	----	----	(27,370,347)	(3,293,869)	(30,664,216)	(21,038)	(30,685,254)
Shareholder's equity at 31 March 2015 (Unaudited) - Exhibit A	300,000,000	43,563,324	195,620,598	(138,816,022)	(33,697,664)	366,670,236	5,246,247	366,670,236
Shareholders' equity at 1 January 2016 (Audited) - Exhibit A	300,000,000	43,563,324	195,620,598	(148,907,660)	(50,514,407)	339,761,855	5,315,782	345,077,637
Total comprehensive (loss) for the period - Exhibit B	----	----	----	39,424,846	(27,049,551)	12,375,295	164,158	12,539,453
Shareholders' equity at 31 March 2016 (Unaudited) - Exhibit A	**300,000,000**	**43,563,324**	**195,620,598**	**(109,482,814)**	**(77,563,958)**	**352,137,150**	**5,479,940**	**357,617,090**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

PUBLIC JOINT STOCK

ABU DHABI - UNITED ARAB EMIRATES

EXHIBIT D

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	For the period from 1 January 2016 to 31 March 2016 (Unaudited)	For the period from 1 January 2015 to 31 March 2015 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES :		
(Loss) for the period - Exhibit B	(27,049,551)	(3,293,869)
Adjustment to reconcile net income to net cash provided by operating activities		
Depreciation on property and equipment	2,605,694	1,471,542
Finance cost	(3,437,008)	(1,156,783)
(Gain) on disposal of property and equipment	(239,996)	----
End of service benefits obligation	121,118	(255,126)
Operating (loss) before working capital changes	(27,999,743)	(3,234,236)
Changes in the components of working capital :		
(Increase)/decrease in trade and other receivables	(4,166,507)	3,693,581
(Increase) in other current assets	(674,475)	(901,789)
Decrease in inventories	720,657	3,469,916
Increase in trade and other payables	27,638,471	770,459
Net cash flows(used in)/ from operating activities	(4,481,597)	3,797,931
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) in bank term deposit	(54)	----
Purchase of property and equipment	(286,298)	(49,500)
Proceeds on disposal of property and equipment	239,996	----
Decrease in investments designated at fair value through other comprehensive income (FVTOCI)	15,040,368	5,670,487
(Increase) in investments properties under constrution	(45,083)	(3,729,432)
Net cash flows from investing activities	14,948,929	1,891,555
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in bank overdraft	2,616,965	3,385,180
(Decrease) in borrowings	(10,047,075)	(20,592,384)
Finance cost	3,437,008	1,156,783
Net movement in non - controlling interest	164,158	(21,038)
Net cash flows (used in) financing activities	(3,828,944)	(16,071,459)
NET CASH FLOWS FROM/ (USED) DURING THE PERIOD	6,638,388	(10,381,973)
Cash and cash equivalents at beginning of the period	648,040	13,784,706
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD- Note 5	7,286,428	3,402,733

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. STATUS AND ACTIVITIES

a) **Abu Dhabi National Company for Building Materials** is a Public Joint Stock Company incorporated in Abu Dhabi by Amiri Decree No. 5 for the year 1974 and registered with Department of Economic Development - Abu Dhabi with a trade license number 1002141 and branches in Al Ain license no. 1005372 and Dubai license issed from Department of Economic Development no. 546792 . The establishment operates through the following subsidiaries:

Legal Name	License Number	Date of Incorporation	Location	Activities
i) Abu Dhabi National Company for Building Materials	1005372	19 September 2006	Al Ain	Trading agencies, companies representation and general trading.
ii) Abu Dhabi National Company for Building Materials	546792	6 July 2003	Dubai	Oilfield and natural gas equipment and spare parts trading and general trading.

b) The consolidated interim financial information include the performance and financial position as at and for the three-month ended 31 March 2016 of the company and its subsidiaries.

Trade Name	Legal status	License Number	Date of Incorporation	Percentage of ownership	Location	Activities
i) Bildco Cement Products	Limited Liability Company	1000463	14 June 1997	80%	Abu Dhabi	Construction precast concrete, cement or artificial stones articles manufacturing.
ii) Bildco Reinforcing Steel Services	Local establishment	1000606	31 March 1998	100%	Abu Dhabi	Steel bars preparation.
iii) Bildco Aerated Concrete Products	Establishment	608886	5 November 2009	100%	Dubai	bricks manufacturing.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

a) In the current period, the company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2016.

b) At the date of authorization of these financial statements, the following Standards and Interpretations have been issued but not yet effective :

	Effective for annual periods beginning on or after
- IFRS 10 and IAS 28 sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016
- IFRS 10, IFRS 12 and IAS 28 investment entities: applying the consolidation exception.	1 January 2016
- IFRS 11 accounting for acquisitions of interest in joint operations.	1 January 2016
- IFRS 14 regulatory deferral accounts.	1 January 2016
- IAS 1 disclosure initiative.	1 January 2016
- IAS 16 and IAS 38 clarification of acceptable methods of depreciation and amortization.	1 January 2016
- IAS 16 and IAS 41 agriculture - bearer plants.	1 January 2016
- IAS 27 equity method in separate financial statements.	1 January 2016
- IFRS 5 non-current assets held for sale and discontinued operations - change in methods of disposal.	1 January 2016
- IFRS 7 financial statements: disclosure - serving contracts.	1 January 2016
- IFRS 7 financial statements: disclosure - applicability of the offsetting disclosures to condensed interim financial statements.	1 January 2016
- IAS 19 employee benefits - discount rate : regional market issue.	1 January 2016
- IAS 34 interim financial reporting - disclosure of information elsewhere in the interim financial report.	1 January 2016
- IFRS 15 revenue from contracts with customers.	1 January 2017
- IFRS 9 financial instruments.	1 January 2018

3. BASIS OF CONSOLIDATION

The consolidated interim financial statements comprise the financial statements of establishment and entities controlled by the establishment (its subsidiaries). Control is evidenced by the power to govern the financial and operating policies of an entity. Therefore, the consolidated statement of comprehensive income and consolidated cash flow statements include the results of subsidiaries acquired or disposed of during the year from the effective date of acquisition or up to the effective date of disposal (deemed appropriate).

Where necessary, adjustments are made to the interim financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the establishment and its other subsidiaries.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation. Non - controlling interests represent the interests not held by the establishment in the consolidated net assets.

Non- controlling interests in subsidiaries are identified separately from the group's equity. The interest of non- controlling shareholders may be initially measured either at fair value or at the non- controlling interests proportionate share of the fair value of the acquiree's identifiable net

Total consolidated comprehensive income is attributed non- controlling interests even if this result in the non-controlling interests having a deficit balance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. *Consolidated Interim Financial Statements Preparation Framework*

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards.

b. *Basis of preparation*

The consolidated interim financial statements for the company are prepared under the historical cost convention, except for the measurement / revaluation of certain assets and financial instruments at a basis other than the historical cost. The significant accounting policies are set out below.

c. *Financial assets*

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

i) *Cash and cash equivalents*

Cash represents cash on hand and unrestricted cash at banks - current accounts. Cash equivalents include the entire highly liquid investments being readily convertible into known amounts of cash and which are exposed to an insignificant risk of changes in values.

ii) *Trade receivables*

Trade receivables are stated at net realizable value. When a trade 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 interim statement of comprehensive income.

iii) *Loans and other receivables*

Loans and other receivables includes trade and other receivables. Trade receivables that do not have a fixed or determinable payments and are not quoted in a active market, post dated cheques received are realizable on specified due date and other receivables are stated at net realizable value. The carrying values are not materially different from their fair value.

iv) *Investment in financial assets*

FVTOCI financial assets may include equity instruments that are not held principally for the purpose of selling in the near future or debt instruments with fixed or determinable payments and fixed maturity dates that the company has no positive intent and ability to hold to

FVTOCI financial assets are stated at fair value for listed securities and it cost for unlisted securities. Gains and losses arising from changes in fair value are recognized in interim other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized directly in the interim statement of comprehensive income.

The cumulative gain or loss previously recognized in the investments revaluation reserve is included in the interim statement of comprehensive income upon the disposal of investment. Dividends on FVTOCI equity instruments are recognized in profit or loss when the company's right to receive payments is established.

d. *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each period. For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

With the exception of FVTOCI equity instruments, if, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been

In respect of FVTOCI equity securities, any increase in fair value subsequent to an impairment loss is recognized in interim other comprehensive income.

e. *Inventories*

- Inventories are stated at the lower of cost or net realizable. Inventory costs include:

Costs of purchase including materials and other costs incurred in bringing the inventories to their present location and condition.

Year end inventory cost is calculated using the weight average cost method.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

- *Finished goods*

Finished goods are stated at raw materials and consumables cost used in production, plus cost of conversion (including fixed and variable manufacturing overheads which are estimated by management).

- *Raw materials*

Raw materials are stated at costs of purchase (including taxes, transport and handling) net of trade discounts received, plus other costs incurred in bringing the inventories to their present location and condition.

f. *Property and equipment*

Property and equipment are initially recognised 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 and equipment are carried, in the consolidated interim statement of financial position, at their cost less any accumulated depreciation and any accumulated impairment. 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 as follows:

Category	Useful life
Building and caravans	10 - 45 years
Furniture and decoration	4 years
Motor vehicles	3 - 4 years
Machiery and equipment	4 - 45 years
Tools and moulds	4 years
Computer and electronics	4 years
Other assets	4 years

The depreciation charge for each period is recognized in the consolidated interim statement of comprehensive income. 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 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 4 (g).

On the subsequent derecognition (sale or retirement) of the property 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 consolidated interim statement of comprehensive

g. *Impairment of tangible assets*

At each consolidated interim statement of 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. 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 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 of consolidated interim comprehensive income statement, 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 periods. A reversal of an impairment loss is recognized immediately in the consolidated interim statement of comprehensive 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.

h. *Properties under development*

Properties under development represents all direct costs such as construction work-in-progress, consultant costs, design expenses and commission on purchases and are recorded at cost.

i. *Investments properties*

Investment property (land or building or part of a building or both) is property: (a) held by the establishment to earn rentals, (b) for capital appreciation rather than for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, and/or for undetermined use. Investment property is measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

j. *Financial liabilities*

Financial liabilities include trade and other payables. Trade payables that have a fixed or determinable payments and that are not quoted in active market, post dated cheques issued which are cleared on specified due date and other payables are stated at cost. The carrying value is not materially different from their fair value.

k. *Borrowing cost*

Borrowing costs include interest on bank borrowings, amortization of discounts or premiums on borrowings, amortization of ancillary costs incurred in the arrangement of borrowings, and finance charges on finance leases.

Borrowing costs are expensed in the year in which they are incurred.

l. *Related parties*

Related parties are considered to be related because they have the ability to exercise control over the company or to exercise significant influence or joint control over the company's financial and operating decisions. Further, parties are considered related to the company when the company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties. Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the consolidated statement of financial position date, the related parties payables are stated at the net realizable value.

m. *Provisions*

Provisions are present obligations (legal or constructive) 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 consolidated interim statement of financial position date, that is, the amount that the company would rationally pay to settle the obligation at the consolidated interim statement of financial position date or to transfer it to a

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

n. *End of service benefits obligation*

End of service benefits obligation is computed as per provision of U.A.E. labour law.

o. *Statutory reserve*

In accordance with the Article of Association of the Company and the requirements of the U.A.E. Commercial Companies Law, an amount equal to 10% of the annual profit should be transferred to statutory reserve account till such reserve equal 50% of the company's paid up capital. This reserve is not available for distribution.

p. *Capital reserve*

The company articles provide for setting aside 10 % of the company net profit to create a capital reserve. The general assembly may stop deduction if the statutory reserve reaches twice of the company paid up capital. This reserve may be used to the purposes decide by the ordinary general assembly.

q. *Revenue recognition*

i) *Sale of goods*

The company has transferred to the buyer the significant risks and rewards of ownership of the goods.

The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
The amount of revenue can be measured reliably.

It is probable that the economic benefits associated with the transaction will flow to the company.

The costs incurred or to be incurred in respect of the transaction can be measured reliably.

ii) *Rental income*
Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of the lease.

iii) *Interest revenue*
Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

iv) *Dividend income*
Dividend revenues are recognized when the right to receive payment is established.

r. *Contingent liabilities*
Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the consolidated interim financial statements.

s. *Critical accounting judgments and key sources of estimation uncertainty*
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.

i) *Provision for claims*
Management has estimated the provision on the basis of prior experience and current economic situation.

ii) *Provision for doubtful debts*
Management has estimated the recoverability of trade receivables and has considered the provision required for doubtful receivables, on the basis of prior experience and current economic situations.

iii) *Provision for slow moving inventories*
Management has estimated the provision on the basis of prior experience and current economic situation.

5. CASH AND CASH EQUIVALENTS

This item consists of the following:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Cash on hand	152,924	125,050
Cash at banks - current accounts	7,133,504	522,990
Total - Exhibit A & D	7,286,428	648,040

6. TRADE AND OTHER RECEIVABLES

a) This item consists of the following:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Trade receivables - Note 6 (b)	23,278,585	20,870,083
Post dated cheques received - Note 6 (c)	2,697,764	1,405,343
Margin on letters of guarantee	776,800	776,800
Refundable deposits	652,994	652,994
Staff advances	225,142	109,535
Claims - Note 6 (d)	75,898,532	75,898,532
Advance payment to suppliers	424,717	65,264
Provision for doubtful debts - Note 6 (e)	(56,436,057)	(56,436,057)
Others	1,182,437	1,191,913
Net - Exhibit A	48,700,914	44,534,407

b) The aging for the trade receivables is as the following:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
1 - 30 days	4,714,938	3,165,297
31 - 90 days	3,084,116	2,066,094
91 - 180 days	4,381,212	5,451,842
More than 180 days	11,098,319	10,186,850
Total - Note 6 (a)	23,278,585	20,870,083

The company sells its products to various customers in UAE. The company's largest nineteen customers amounting to AED 11,689,901 accounted for 50.22% of outstanding trade receivables as of 31 March 2016.

c) Post dated cheques received amounting to AED 2,697,764 (Note 6 (a)) are mature during the period from 1 April 2016 to 30 November 2016.

d) **CLAIMS**

This item consists of the following :

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Al Omran Gulf Engineering & Contracting	7,088,515	7,088,515
Al Hamed Development	5,264,603	5,264,603
Glosco Limited	7,150,426	7,150,426
Calm Shadow	25,550,487	25,550,487
African Connection General Trading	6,663,263	6,663,263
Others	24,181,238	24,181,238
Total - Note 6 (a)	75,898,532	75,898,532

e) *Movement of the allowance for doubtful debts:*

This item consists of the follows:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Balance at the beginning of the period / year	(56,436,057)	(56,234,182)
Charge during the period / year	----	(201,875)
Balance at 31 March / 31 December - Note 6 (a)	(56,436,057)	(56,436,057)

7. OTHER CURRENT ASSETS

This item consists of the following:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Prepaid rent	310,384	400,363
Prepaid expenses	2,289,732	1,525,278
Total - Exhibit A	2,600,116	1,925,641

8. INVENTORIES

This item consists of the following :

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Steel	13,696,496	13,747,017
Diesel	20,305	21,819
Other building materials	1,566,013	1,566,013
Raw materials	1,002,895	757,355
Finished goods	2,607,364	3,472,620
Packing materials	13,566	46,935
Consumables	138,733	135,481
Spare parts	2,558,296	2,577,085
Purchase order spreads	8,000,000	8,000,000
Total	29,603,668	30,324,325
Allowance for slow moving inventories	(1,504,901)	(1,504,901)
Net - Exhibit A	28,098,767	28,819,424

9. PROPERTY AND EQUIPMENT

The details of cost, accumulated depreciation and the respective carrying amounts of various categories of property and equipment are as follows:

	Building and caravans	Furniture and decoration	Motor vehicles	Machiery and equipment	Tools and moulds	Computer and electronics	Other assets	Total
COST								
At 1 January 2016 (Audited)	123,259,020	4,678,229	4,022,910	172,117,173	7,205,777	103,227	1,053,659	312,439,995
Addition	----	16,555	----	200,000	69,743	----	----	286,298
Diposals	----	----	(378,000)	----	----	----	----	(378,000)
At 31 March 2016 (Unaudited)	123,259,020	4,694,784	3,644,910	172,317,173	7,275,520	103,227	1,053,659	312,348,293
ACCUMULATED DEPRECIATION								
At 1 January 2016 (Audited)	(24,525,599)	(4,392,016)	(3,676,998)	(69,538,716)	(5,503,640)	(20,522)	(221,557)	(107,879,048)
Charge for the period	(769,089)	(31,638)	(27,301)	(1,554,251)	(149,164)	(8,578)	(65,673)	(2,605,694)
Related to disposals	----	----	378,000	----	----	----	----	378,000
At 31 March 2016 (Unaudited)	(25,294,688)	(4,423,654)	(3,326,299)	(71,092,967)	(5,652,804)	(29,100)	(287,230)	(110,106,742)
NET BOOK VALUE								
At 31 December 2015 - Exhibit A (Audited)	98,733,421	286,213	345,912	102,578,457	1,702,137	82,705	832,102	204,560,947
At 31 March 2016 - Exhibit A (Unaudited)	97,964,332	271,130	318,611	101,224,206	1,622,716	74,127	766,429	202,241,551

10. INVESTMENT IN FINANCIAL ASSETS

a) This item consists of the following:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Unlisted securities (local) - Note 10 (b)	**238,871,799**	213,346,487
Listed securities (local) - Note 10 (b)	**13,952,738**	15,093,572
Total - Exhibit A	**252,824,537**	228,440,059

b) Changes in investment in financial assets for the current period / year as follows:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Balance at the beginning of the period / year	**228,440,059**	320,490,207
Additions	**195,911,187**	3,309,312
Disposals	**(210,951,555)**	(57,897,475)
Unrealized gain on investment in financial assets - Exhibit B	**39,424,846**	(37,461,985)
Balance at 31 March / 31 December - Note 10 (a)	**252,824,537**	228,440,059

11. OTHER INVESTMENTS

This item consists of the following:

a) *company*

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Freeport Co. Note 11 (b)	**83,325**	83,325
Balance at 31 March / 31 December - Exhibit A	**83,325**	83,325

b) *The movement of investment is as follows :*

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Balance at the beginning of the period / year	**1,476,000**	1,476,000
Less : Provision for impairment	**(1,392,675)**	(1,392,675)
Balance at 31 March / 31 December - Note 11 (a)	**83,325**	83,325

12. INVESTMENTS PROPERTIES UNDER CONSTRUCTION

a) This item consists of the following :

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Balance at the beginning of the period / year	**176,249,099**	170,186,256
Additions during the period / year	**45,083**	6,062,843
Balance at the end of the period / year - Exhibit A	**176,294,182**	176,249,099

b) The company has not performed an impairment review for its investment in properties under constrution as required by the International Accounting Standards. The company is in the process of performing the appropriate procedures in accordance with the International Accounting Standards (IAS) duirng the next period..

13. INVESTMENT PROPERTIES

This item consists of the following :

	Buildings	Total
COST		
At 1 January 2016 (Audited)	7,057,594	7,057,594
At 31 March 2016 (Unaudited)	**7,057,594**	**7,057,594**
ACCUMULATED DEPRECIATION		
At 1 January 2016 (Audited)	(7,057,594)	(7,057,594)
At 31 March 2016 (Unaudited)	**(7,057,594)**	**(7,057,594)**
NET BOOK VALUE		
At 31 December 2015 - Exhibit A (Audited)	----	----
At 31 March 2016 - Exhibit A (Unaudited)	**----**	**----**

14. BORROWINGS - CURRENT AND NON - CURRENT

a) This item consists of the following :

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Borrowings - current - Exhibit A	**55,487,286**	55,487,286
Borrowings - non - current - Exhibit A	**192,345,486**	202,392,561
Total	**247,832,772**	257,879,847

b) Loans of AED 334,243,218 were obtained from many banks at interest rates between 4% and 4.6 % annually plus EIBOR. The balance as of 31 March 2015 was AED 303,320,058 (December 2015 : AED 257,879,847). The loans installments are repayable in monthly and quarterly installments and the last installment due on December 2020.

c) Loans installments which are due before 31 March 2017 are classified as current liabilities, and the remaining installments which are due after that date are classified as non - current liabilities.

15. TRADE AND OTHER PAYABLES

a) This item consists of the following:

	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Trade payables	**50,441,492**	26,814,192
Post dated cheques issued - Note 15 (b)	**2,835,163**	----
Related parties - payables - Note 21	**46,081**	22,573
Accrued expenses	**79,784**	141,168
Advance payment received from customers	**21,318,998**	21,397,238
Provision for leave salaries and air tickets	**762,039**	615,837
Unearned revenue	**999,140**	543,524
Deposit from others	**33,720**	33,720
Interest payables	**794,626**	476,538
Dividend payables	**2,797,816**	2,799,195
Others	**1,687,894**	1,314,297
Total - Exhibit A	**81,796,753**	54,158,282

b) Post dated cheques issued amounting to AED 2,835,163 (Note 15 (a) are due during the period from April 2016 to September 2016.

16. CAPITAL

As per the Authorized Organization Structure incorporated in Abu Dhabi by Amiri Decree No. 5 for the year 1974 the capital amounting to AED 300,000,000 is divided into 300,000,000 shares of AED 1 each.

17. GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	For the period from 1 January 2016 to 31 March 2016 (Unaudited)	For the period from 1 January 2015 to 31 March 2015 (Unaudited)
Salaries and related benefits	1,305,673	1,415,501
Rent	221,639	200,571
Depreciation on property and equipment	34,307	51,499
Maintenance expenses	335,097	98,472
Legal expenses	285,425	235,761
Communincation expenses	39,956	19,259
Printing and stationary	32,105	4,724
Bank charges	29,839	15,973
Insurance expenses	70,671	95,161
Miscellaneous expenses	166,466	248,391
Total - Exhibit B	**2,521,178**	2,385,312

18. OTHER (LOSS) / INCOME

This item consists of the following :

	31 March 2016 (Unaudited)	31 March 2015 (Unaudited)
Rental income	466,855	365,739
Gain from disposal of property and equipment	239,996	----
(Loss) / gain on sales of financial assets	(22,411,062)	1,123,137
Dividend income	1,839,727	----
Transportation	305,111	164,397
Others	38,208	1,387
Net - Exhibit B	**(19,521,165)**	1,654,660

19. BANK FACILITIES

Fund and non - fund bank facilities are granted against the following securities :

- Hypothecation over machineries amounting AED 33,000,000/- in favor of Ajman Bank.
- Assignment of insurance policy over factory located on plot # 41003, Dubai Industrial City Dubai amounting AED 40,000,000/- assigned to Ajman Bank.
- Cash Margin / Fixed Deposit under Lien as specified under Schedule " A" supported by lien over Deposit Agreement.

- Post Dated Cheques drawn on any other Bank covering the loan installments.

20. RISK MANAGEMENT

The company monitors and manages the financial risks relating to its business and operations. These risks includes credit risk, foreign currency risk, market price risk, interest rate risk and liquidity risk.

The company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

a) *Credit risk*

Credit risk refers to the risk that a debtor will default on its contractual obligations resulting in financial loss to the establishment. The establishment maintains a credit policy that states dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The establishment monitors, regularly, the credit ratings of its debtors and the volume of transactions with those debtors during the year. Ongoing credit evaluation is performed on the financial condition of debtors. However, credit risk exposure are insignificant. The carrying amount of financial assets recorded in the consolidated financial statements represents the establishment's maximum exposure to credit risk without taking into account the value of any collateral obtained. Financial assets which potentially subject the establishment to concentration of credit risk consists principally of banks current accounts and trade receivables. The current accounts are with high credit quality financial institutions. Credit risk relating to trade receivables is mentioned in Note 6 (b).

b) *Foreign currency risk*

The company undertakes certain transactions denominated in foreign currencies, which imposes sort of risk due to fluctuations in exchange rates during the year. The establishment maintains policies and procedures to manage the exchange rate risk exposure.

c) *Market price risk*

Market prices risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issue or factors affecting all instruments traded in the market.

d) *Interest rate risk*

Interest rate is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The company is exposed to interest rate risk on overdraft and borrowings from banks respectively.

e) *Liquidity risk*

The company's management adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the company.

The following table shows the maturity dates of company's financial assets and liabilities as at 31 March 2016 (Unaudited).

	Less than 1 year	**More than 1 year**	**Total**
Financial assets			
Non - interest bearing	**55,987,342**	**252,824,537**	**308,811,879**
Interest bearing	**630,701**	**----**	**630,701**
Total	**56,618,043**	**252,824,537**	**309,442,580**
Financial liability			
Non - interest bearing	**81,796,753**	**----**	**81,796,753**
Interest bearing	**84,337,467**	**192,345,486**	**276,682,953**
Total	**166,134,220**	**192,345,486**	**358,479,706**

The following table shows the maturity dates of company's financial assets and liabilities as at 31 December 2015 (Audited).

	Less than 1 year	More than 1 year	Total
Financial assets			
Non - interest bearing	45,182,447	228,440,059	273,622,506
Interest bearing	630,647	----	630,647
Total	45,813,094	228,440,059	274,253,153
Financial liability			
Non - interest bearing	54,158,282	----	54,158,282
Interest bearing	81,720,502	202,392,561	284,113,063
Total	135,878,784	202,392,561	338,271,345

21. RELATED PARTIES

In the ordinary course of business the company conducts transactions with the following parties which fall within the definition of related parties in accordance to the International Financial Reporting Standards, and consists of the following :

RELATED PARTIES - PAYABLES

This item consists of the following :	**31 March 2016 (Unaudited)**	31 December 2015 (Audited)
Al Omeria Printing and Publishing	**39,381**	15,873
Saif Bin darwish	**6,700**	6,700
Total - Note 15 (a)	**46,081**	22,573

22. FINANCIAL ASSETS AND LIABILITIES

This item consists of the following:	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Financial assets		
Cash and cash equivalents	**7,286,428**	648,040
Trade and other receivables	**48,700,914**	44,534,407
Bank term deposit	**630,701**	630,647
Investments designated at fair value through other comprehensive income (FVTOCI)	**252,824,537**	228,440,059
Total	**309,442,580**	274,253,153
Financial liabilities		
Bank over draft	**28,850,181**	26,233,216
Borrowings	**247,832,772**	257,879,847
Trade and other payables	**81,796,753**	54,158,282
Total	**358,479,706**	338,271,345

23. CONTINGENT LIABILITIES

This item consists of the following:	31 March 2016 (Unaudited)	31 December 2015 (Audited)
Letters of guarantee	**4,064,650**	4,064,650
Letters of credit	**4,644,000**	4,644,000
Security and gaurantee cheques	**2,025,000**	1,390,000

24. LITIGATION

The company has filed suit cases against many customers claiming an amount of AED 75,898,532, the cases are still pending for execution.

25. COMPARATIVE FIGURES

- The interim financial statements are for the period of 3 months, compared to the period of 12 months therefore comparability cannot be accurate.
- Certain comparative figures have been reclassified to comply with the interim financial statements presentation for the current period.

26. GENERAL

The figures in the consolidated interim financial statements are rounded to the nearest U.A.E. Dirham.

27. APPROVAL OF FINANCIAL STATEMENTS

The interim financial statements were approved by the Board of Directors and authorized for issue in their meeting on 15 May 2016.