Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

Independent auditor's report and financial statements
For the year ended December 31, 2015

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

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General information

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Website	:	www.fujairahcement.com
The Auditors	:	Horwath Mak P. O. Box: 1650 Fujairah - United Arab Emirates

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Ref: JM/AR/F-16/004

Independent auditor's report

To,

The Shareholders
M/s. Fujairah Cement Industries Company P.J.S.C.
Fujairah - United Arab Emirates

Report on the financial statements

We have audited the accompanying financial statements of **M/s. Fujairah Cement Industries P.J.S.C.**, Fujairah - United Arab Emirates (the "Entity") which comprise the statement of financial position as at December 31, 2015, and the statement of profit or loss, statement of other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Horwath Mak
Member Crowe Horwath International

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **M/s. Fujairah Cement Industries P.J.S.C.**, Fujairah - United Arab Emirates as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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

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

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

iii) the Entity has maintained proper books of account;

iv) the financial information included in the Chairman's report is consistent with the books of account of the Entity;

v) the Entity has not purchased or invested in shares during the year ended December 31, 2015;

vi) note 27 to the financial statements discloses material related party transactions and the terms under which they were conducted;

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

viii) note 23 to the financial statements discloses the social contributions made during the year ended December 31, 2015.

For Horwath Mak

James Mathew FCA, CPA (USA)
Managing Partner
Reg. No. 548

February 11, 2016

Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

Statement of financial position as at December 31, 2015
(In Arab Emirates Dirhams)

	Notes	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	4	**1,296,941,923**	1,240,935,234
Extraction and concession rights	5	**7,993,805**	12,687,633
Total non-current assets		**1,304,935,728**	1,253,622,867
Current assets			
Inventories	6	**228,449,329**	295,507,123
Trade receivables	7	**168,639,094**	161,917,850
Advances, deposits and other receivables	8	**4,563,782**	3,344,414
Cash and bank balances	9	**28,162,313**	18,567,253
Total current assets		**429,814,518**	479,336,640
Total assets		**1,734,750,246**	1,732,959,507
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	10	**355,865,320**	355,865,320
Statutory reserve	13	**150,140,776**	145,075,893
Voluntary reserve	14	**222,536,002**	222,536,002
Retained earnings	15	**273,488,964**	227,905,022
Total shareholders' equity		**1,002,031,062**	951,382,237
Non-current liabilities			
Bank borrowings - non-current portion	16	**380,392,675**	278,710,169
Finance lease liability - non-current portion	17	**-**	54,811,441
Employees' end of service benefits	18	**13,503,986**	13,754,037
Total non-current liabilities		**393,896,661**	347,275,647
Current liabilities			
Trade and other payables	19	**98,346,532**	184,202,573
Bank borrowings - current portion	16	**240,475,991**	222,693,330
Finance lease liability - current portion	17	**-**	27,405,720
Total current liabilities		**338,822,523**	434,301,623
Total liabilities		**732,719,184**	781,577,270
Total shareholders' equity and liabilities		**1,734,750,246**	1,732,959,507

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

The report of the auditors is set out on pages 2 and 3.

The financial statements on pages 4 to 30 were approved by the Board of Directors on February 11, 2016 and signed on its behalf by:

Chairman **Board member**

Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

Statement of profit or loss for the year ended December 31, 2015
(In Arab Emirates Dirhams)

	Notes	2015	2014
Revenue	20	**612,207,552**	615,499,320
Cost of sales	21	**(536,932,115)**	(559,617,603)
Gross profit		**75,275,437**	55,881,717
Selling and distribution expenses	22	**(1,963,781)**	(2,096,482)
General and administrative expenses	23	**(13,551,291)**	(10,198,229)
Amortization of extraction and concession rights	5	**(4,693,828)**	(4,693,828)
Finance costs	24	**(17,111,088)**	(14,591,733)
Other income	25	**12,693,376**	1,472,375
Profit for the year		**50,648,825**	25,773,820
Basic earnings per share (U.A.E. Fils)	11	**14.2**	7.2

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

The report of the auditors is set out on pages 2 and 3.

The financial statements on pages 4 to 30 were approved by the Board of Directors on February 11, 2016 and signed on its behalf by:

Chairman

Board member

Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

Statement of other comprehensive income for the year ended December 31, 2015
(In Arab Emirates Dirhams)

	2015	2014
Profit for the year	**50,648,825**	25,773,820
Other comprehensive income	-	-
Total comprehensive income for the year	**50,648,825**	25,773,820

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

The report of the auditors is set out on pages 2 and 3.

The financial statements on pages 4 to 30 were approved by the Board of Directors on February 11, 2016 and signed on its behalf by:

Chairman

Board member

Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

Statement of changes in shareholders' equity for the year ended December 31, 2015
(In Arab Emirates Dirhams)

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total shareholders' equity
Balance as at December 31, 2013	355,865,320	142,498,511	222,536,002	204,708,584	925,608,417
Profit for the year	-	-	-	25,773,820	25,773,820
Transferred to statutory reserve	-	2,577,382	-	(2,577,382)	-
Balance as at December 31, 2014	355,865,320	145,075,893	222,536,002	227,905,022	951,382,237
Profit for the year	-	-	-	50,648,825	50,648,825
Transferred to statutory reserve	-	5,064,883	-	(5,064,883)	-
Balance as at December 31, 2015	**355,865,320**	**150,140,776**	**222,536,002**	**273,488,964**	**1,002,031,062**

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

The report of the auditors is set out on pages 2 and 3.

Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

Statement of cash flows for the year ended December 31, 2015
(In Arab Emirates Dirhams)

	2015	2014
Cash flows from operating activities		
Profit for the year	**50,648,825**	25,773,820
Adjustments for:		
(Gain) on disposal of property, plant and equipment	**(101,799)**	-
Depreciation on property, plant and equipment	**50,129,025**	49,359,664
Allowance for slow-moving spare parts	**1,000,000**	1,000,000
Amortization of extraction and concession rights	**4,693,828**	4,693,828
Provision for employees' end of service benefits	**1,966,620**	2,144,569
Operating profit before changes in operating assets and liabilities	**108,336,499**	82,971,881
(Increase)/decrease in current assets		
Inventories	**66,057,794**	(4,003,125)
Trade receivables	**(6,721,244)**	(20,228,742)
Advances, deposits and other receivables	**(1,219,368)**	5,044,857
Increase/(decrease) in current liabilities		
Trade and other payables	**(85,852,624)**	27,378,410
Cash generated from operations	**80,601,057**	91,163,281
Employees' end-of-service benefits paid	**(2,216,671)**	(926,431)
Net cash from operating activities	**78,384,386**	90,236,850
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(106,135,717)**	(42,007,080)
Proceeds from disposal of property, plant and equipment	**101,802**	-
Net cash (used in) investing activities	**(106,033,915)**	(42,007,080)
Cash flows from financing activities		
Proceeds from term loans	**120,797,943**	117,308,879
(Repayment) of term loans	**(61,946,849)**	(40,999,228)
(Repayment) of other bank borrowings, net	**(7,900,227)**	(91,155,044)
(Repayment) of finance lease liability	**(13,702,861)**	(27,405,720)
Dividends paid	**(3,417)**	(164,987)
Net cash from/(used in) financing activities	**37,244,589**	(42,416,100)
Net increase in cash and cash equivalents	**9,595,060**	5,813,670
Cash and cash equivalents, beginning of the year	**18,567,253**	12,753,583
Cash and cash equivalents, end of the year	**28,162,313**	18,567,253
Represented by:		
Cash in hand	**144,796**	54,586
Bank balances - current accounts	**28,017,517**	18,512,667
	28,162,313	18,567,253

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

The report of the auditors is set out on pages 2 and 3.

1 Legal status and business activities

1.1 **M/s. Fujairah Cement Industries P.J.S.C.** (the "Entity") is a public joint stock company in the Emirate of Fujairah - United Arab Emirates established on December 20, 1979. The Entity's ordinary shares are listed on the Abu Dhabi Securities Exchange and Kuwait Stock Exchange.

1.2 The principal activities of the Entity are unchanged since the previous year and include the manufacturing of cement and erecting, operating and managing the required stores and silos necessary for this purpose, formation or participation in the formation of industrial companies and other similar activities.

1.3 The registered address of the Entity is P.O. Box: 600, Fujairah - United Arab Emirates.

1.4 These financial statements incorporate the operating results of the Industrial license no. 80001.

1.5 UAE Federal Law No. (2) of 2015 ("Companies Law") which is applicable to the Entity has come into effect on July 1, 2015. The Entity is currently assessing and evaluating the relevant provisions of the Companies Law and expects to be fully compliant on or before the end of the grace period of June 30, 2016.

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

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

The following new and revised IFRSs have been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycles

• IFRS 1 "First-time Adoption of International Financial Reporting Standards": Clarifies that an entity, in its first IFRS financial statements, has the choice between applying an existing and currently effective IFRS or applying early a new or revised IFRS that is not yet mandatorily effective.

• IFRS 2 "Share Based Payments": Clarified the definition of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

• IFRS 3 "Business Combinations": Clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

• IFRS 3 "Business Combinations": Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

• IFRS 8 "Operating Segments": Requires to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarifies that a reconciliations of the total of the reportable segments' assets must only be disclosed if the segment assets are reported regularly.

• IFRS 13 "Fair Value Measurement": Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial and also clarifies that the scope of the portfolio exception defined in IFRS 13 applies to all contracts accounted for within the scope of IAS 39 and IFRS 9.

• IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Clarifies that when an item of property, plant and equipment or intangible assets is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

• IAS 24 "Related Party Disclosures": Clarifies that when an entity receives management personnel services from a third party, the fees paid for those services must be disclosed by the reporting entity.

• IAS 40 "Investment property": Clarifies that the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Amendments to IAS 19 "Employee Benefits": The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

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

2.2 New and revised IFRSs in issue but not yet effective

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IFRS 7 "Financial Instruments": Disclosures relating to disclosures about the initial application of IFRS 9.	Applies when IFRS 9 is applied
IFRS 7 "Financial Instruments: Disclosures": Additional Hedge Accounting Disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	Applies when IFRS 9 is applied
IFRS 9 "Financial Instruments": IFRS 9 (2009) and IFRS 9 (2010) were superseded by IFRS 9 (2013) and IFRS 9 (2010) also superseded IFRS 9 (2009). IFRS 9 (2014) supersedes all previous versions of the standard. The various standards also permit various transitional options. Accordingly, entities can effectively choose which parts of IFRS 9 they apply, meaning they can choose to apply: (1) the classification and measurement requirements for financial assets: (2) the classification and measurement requirements for both financial assets and financial liabilities: (3) the classification and measurement requirements and the hedge accounting requirements provided that the relevant date of the initial application is before 1 February 2015.	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers": IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.	January 1, 2018
Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures ": Clarifies that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.	January 1, 2016
Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures": Clarifies the exception from preparing consolidated financial statements available to intermediate parent entities which are subsidiaries of investments entities.	January 1, 2016
Amendments to IAS 27 "Separate Financial Statements" which allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost or as financial asset in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements. The amendments introduce the equity method as a third option.	January 1, 2016
Amendments to IFRS 11 "Joint Arrangements" clarify accounting for acquisitions of an Interests in Joint Operations where the activities of the operation constitute a business.	January 1, 2016
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" clarify that revenue-based method of depreciation or amortisation is generally not appropriate.	January 1, 2016
Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	January 1, 2016

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

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

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IAS 1 "Presentation of Financial Statements" to address perceived impediments to preparers exercising their judgment in presenting their financial reports.	January 1, 2016
Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016
• IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.	
• IFRS 7 "Financial Instruments: Disclosures": additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. IFRS 7 also clarifies the additional disclosures relating to the offsetting of financial assets and financial liabilities to be included in interim reports required by IAS 34.	
• IAS 19 "Employee Benefits": Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.	
• IAS 34 "Interim Financial Reporting": Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.	

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

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of UAE Laws. These financial statements are presented in Arab Emirates Dirhams (AED), which is the Entity's functional and presentation currency.

3.2 Basis of preparation

These financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in the financial statements are set out below.

3.3 Current/non-current classification

The Entity presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to be sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Entity classifies all other liabilities as non-current.

3 Significant accounting policies (continued)

3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Entity.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3.5 Foreign currency

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.6 Property, plant and equipment

Land is stated at cost.

Other property, plant and equipment (except for capital work-in-progress) are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of property, plant and equipment (other than land and capital work-in-progress), using the straight-line method over their useful lives as follows:

	Years
Buildings	8 to 35
Plant and machinery	6 to 35
Furniture and fixtures	4
Vehicles and mobile plant	4
Tools and equipment	4
Quarry development costs	6 to 20

Buildings and leasehold improvements are being depreciated over the period from when these became available for use up to the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3 Significant accounting policies (continued)

3.6 Property, plant and equipment (continued)

Capital work in progress

Properties in the course of construction for production, supply or administrative purposes or for purposes not yet determined are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Entity's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3.7 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.8 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and carrying amount of the asset, are recognised in profit or loss.

3.9 Impairment of tangible and intangible assets

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

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

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

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

3.10 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies (continued)

3.11 Financial assets

Financial assets are classified into the following specified categories: 'financial assets at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets and 'loans and receivables'.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Entity’s loans and receivables comprise "trade receivables", "advances, deposits and other receivables" and "cash and cash equivalents" in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Trade receivables, advances, deposits and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost reduced by appropriate allowance for estimated doubtful debts.

Cash and cash equivalents

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

Impairment of financial assets

The Entity assesses at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognized only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. The Entity may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

3 Significant accounting policies (continued)

3.11 Financial assets (continued)

Derecognition of financial assets

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

3.12 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of bank borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables and bank borrowings.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Bank borrowings

Bank borrowings are recorded at the proceeds received, net of direct issue costs, if any. Finance charges are accounted on accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Dividends to shareholders

Dividends to shareholders are recorded as payable in the period in which such dividends are approved by the shareholders.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

3.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.14 Inventories

Inventory of raw materials are valued at the lower of first-in-first-out cost or net realizable value. Inventories of finished goods and semi-finished goods are valued at the lower of average production cost or net realizable value. Production costs include materials, labour, direct expenses and production overheads.

Inventories of spare parts are valued at the lower of weighted average cost or net realisable value.

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

3 Significant accounting policies (continued)

3.15 Borrowing costs

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

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

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

3.16 Provisions

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.17 Defined contribution plan

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

3.18 Revenue recognition

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

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

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

3.19 Leases

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

Entity as lessee

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

3 Significant accounting policies (continued)

3.19 Leases (continued)

Entity as lessee (continued)

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.20 Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

The significant judgements, assumptions and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical accounting judgements

In the process of applying the Entity’s accounting policies, which are described above, and due to the nature of operations, management makes the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In recognising revenue, management is of the view that in line with the requirement of IAS 18 "Revenue", the risk and reward of ownership is transferred to the buyers of the goods and services and that revenue is reduced for the estimated returns, rebate and other allowances (if any).

Related parties

Management has disclosed the related parties and the related due from and to related parties as per the requirements of IAS 24 "Related Party Disclosures". In view of due from and to related parties being receivable and payable on demand and management's intention to realise or pay the related parties as and when necessarily required, the disclosed balances are classified as current assets and current liabilities.

3 Significant accounting policies (continued)

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

Key sources of estimation uncertainty

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

Allowance for doubtful debts

Allowance for doubtful debts is determined using a combination of factors to ensure that trade receivables are not overstated due to uncollectibility. The allowance for doubtful debts for all customers is based on a variety of factors, including the overall quality and ageing of receivables, continuing credit evaluation of the customer's financial conditions and collateral requirements from customers in certain circumstances. In addition, specific allowances for individual accounts are recorded when the Entity becomes aware of the customer's inability to meet financial obligations.

Inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues. Based on the factors, management has identified certain inventory items to calculate the allowance for slow-moving inventories. Revisions to the allowance would be required if the outcome of these indicative factors differ from the estimates.

Property, plant and equipment

Property, plant and equipment are depreciated over their estimated useful lives, which are based on expected usage of the assets and expected physical wear and tear which depends on operational factors. Management has not considered any residual value as it is deemed immaterial.

Amortisation

Extraction rights are being amortised over initial extraction rights period upto December 31, 2016 and concession rights are being amortised over 10 years as estimated by management.

Leasehold improvements

Management determines the estimated useful life and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Entity will renew its annual lease over the estimated useful life of the asset. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where the useful life is less than the previously estimated useful life.

Operating lease expenses

Lease payments under operating lease have been recognised as an expense on a straight-line basis over the lease rental period after considering the rent escalation as per the rent agreements. The rent charge could significantly change in subsequent accounting periods should the lease contract not be renewed or there be change in lease terms of the contract.

4 Property, plant and equipment

	Land and buildings	Plant and machinery	Furniture and fixtures	Vehicles and mobile plant	Tools and equipment	Quarry development costs	Capital work-in-progress	Total
Cost								
As at December 31, 2013	120,148,630	1,807,780,170	2,400,930	25,102,339	11,239,048	30,918,672	1,533,111	1,999,122,900
Addition during the year	-	12,947,328	114,881	245,661	249,856	-	28,449,354	42,007,080
Transferred from capital work-in-progress	-	4,464,572	-	-	330,790	-	(4,795,362)	-
As at December 31, 2014	120,148,630	1,825,192,070	2,515,811	25,348,000	11,819,694	30,918,672	25,187,103	2,041,129,980
Addition during the year	255,000	2,670,438	130,890	158,843	297,917	-	102,622,629	106,135,717
Transferred from capital work-in-progress	12,593,945	-	-	-	-	-	(12,593,945)	-
Disposal during the year	-	-	-	(637,598)	-	-	-	(637,598)
As at December 31, 2015	**132,997,575**	**1,827,862,508**	**2,646,701**	**24,869,245**	**12,117,611**	**30,918,672**	**115,215,787**	**2,146,628,099**
Accumulated depreciation								
As at December 31, 2013	19,675,881	673,551,046	2,283,815	25,052,441	11,020,597	19,251,302	-	750,835,082
Charge for the year	3,247,555	45,000,133	74,260	77,201	181,642	778,873	-	49,359,664
As at December 31, 2014	22,923,436	718,551,179	2,358,075	25,129,642	11,202,239	20,030,175	-	800,194,746
Charge for the year	3,515,196	45,340,894	74,902	105,877	313,283	778,873	-	50,129,025
Eliminated on disposal during the year	-	-	-	(637,595)	-	-	-	(637,595)
As at December 31, 2015	**26,438,632**	**763,892,073**	**2,432,977**	**24,597,924**	**11,515,522**	**20,809,048**	**-**	**849,686,176**
Carrying value								
As at December 31, 2015	**106,558,943**	**1,063,970,435**	**213,724**	**271,321**	**602,089**	**10,109,624**	**115,215,787**	**1,296,941,923**
As at December 31, 2014	97,225,194	1,106,640,891	157,736	218,358	617,455	10,888,497	25,187,103	1,240,935,234

Notes:

- Part of the Entity's buildings, plant and machinery are constructed/erected on land obtained on lease from the Government of Fujairah.
- Capital work-in-progress mainly represents Waste Heat Recovery (WHR) based captive power plant expansion project in progress and sheds under construction.
- Capital work-in-progress includes borrowing costs on WHR project amounting to AED 3,511,515 (2014: AED 261,733).
- Registered chattel mortgage over the WHR project and assignment of insurance policy covering the project is provided in favour of the bank against a term loan (note 16).
- Insurance policies covering movable assets are assigned in favour of a bank against a term loan (note 16).
- Registered charge over Thermal Power Plant (including machinery), assignment of insurance policies covering the cement factory and Thermal Power Plant and assignment of leasehold rights over the land on which the Thermal Power Plant is located are provided as securities against term loans and other bank borrowings (note 16).
- Depreciation is fully charged to cost of sales (note 21).
- Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period, amounted to AED 37,581,681 (2014: AED 37,271,706).

	2015	2014
5 Extraction and concession rights		
Extraction rights	**2,493,805**	4,987,633
Concession rights	**5,500,000**	7,700,000
	7,993,805	12,687,633

	Extraction rights	**Concession rights**	**Total**
Cost			
As at December 31, 2013	76,500,000	22,000,000	98,500,000
As at December 31, 2014	76,500,000	22,000,000	98,500,000
As at December 31, 2015	**76,500,000**	**22,000,000**	**98,500,000**
Accumulated amortisation			
As at December 31, 2013	69,018,539	12,100,000	81,118,539
Amortisation for the year	2,493,828	2,200,000	4,693,828
As at December 31, 2014	71,512,367	14,300,000	85,812,367
Amortisation for the year	2,493,828	2,200,000	4,693,828
As at December 31, 2015	**74,006,195**	**16,500,000**	**90,506,195**
Carrying value:			
As at December 31, 2015	**2,493,805**	**5,500,000**	**7,993,805**
As at December 31, 2014	4,987,633	7,700,000	12,687,633

Extraction rights

Extraction rights are being amortized over the initial extraction rights period granted to the Entity and ending on December 31, 2016.

Concession rights

Concession rights are being amortised over a period of 10 years as estimated by the management.

The Entity has executed an agreement with the Fujairah Municipality on April 17, 2007 whereby extraction and concession rights have been granted for further 25 years from the date of agreement, automatically renewable for further 25 years and shall expire without notice after the fiftieth year.

		2015	2014
6 Inventories			
Raw materials		**25,118,887**	38,956,351
Semi-finished products		**46,131,688**	66,658,628
Finished products		**3,655,390**	1,633,392
	(a)	**74,905,965**	107,248,371
Spare parts		**127,976,300**	141,988,049
Burning media		**47,030,727**	66,713,660
Bags and packing materials		**536,337**	557,043
Less: Allowance for slow-moving spare parts		**(22,000,000)**	(21,000,000)
	(b)	**153,543,364**	188,258,752
	(a)+(b)	**228,449,329**	295,507,123

Allowance for slow-moving inventories

Movement in allowance for slow-moving spare parts is as follows:

	2015	2014
Balance at the beginning of the year	**21,000,000**	20,000,000
Charge during the year (note 23)	**1,000,000**	1,000,000
Balance at the end of the year	**22,000,000**	21,000,000

Insurance policies covering inventories are assigned against bank borrowings (note 16).

The above inventories are lying in the factory premises and yards located at Dibba, Fujairah - United Arab Emirates.

	2015	2014

7 Trade receivables

	2015	2014
Trade receivables	**170,527,778**	164,224,605
Less: Allowance for doubtful debts	**(1,888,684)**	(2,306,755)
	168,639,094	161,917,850
Coverage:		
Secured by unconditional bank guarantees	**121,918,258**	105,048,753
Open credit	**46,720,836**	56,869,097
	168,639,094	161,917,850

The average credit period for the trade receivables is 102 days (2014: 98 days). No interest is charged on trade receivables in the normal course of business.

Trade receivables include the following:-

- AED 36.6 million (2014: AED 17.8 million) is due from the Entity's largest customer of which AED 36 million is secured by bank guarantees.
- As at December 31, 2015, there are 5 customers (2013: 5 customers) representing 63% (2014: 48%) of the trade receivables.
- AED 11.3 million (2014: AED 9.2 million) is past due. Of this, AED 9.4 million (2014: AED 5.2 million) is fully secured by bank guarantees.

Allowance for doubtful debts:

The movement in the allowance for doubtful debts as at reporting date is as follows:

	2015	2014
Balance at the beginning of the year	**2,306,755**	2,306,755
Written-off during the year	**(418,071)**	-
Balance at the end of the year	**1,888,684**	2,306,755

In determining the recoverability of a trade receivable, the Entity considers any change in the credit quality of the trade receivable from the date credit was initially granted upto the reporting date. Since, the overdue trade receivables are secured against bank guarantees, the management believes that no further allowance is required for doubtful debts.

Geographical analysis:

The geographical analysis of trade receivables is as follows:

	2015	2014
Within U.A.E.	**119,151,522**	121,850,810
Outside U.A.E. : G.C.C.	**49,487,572**	39,983,771
: Others	**-**	83,269
	168,639,094	161,917,850

8 Advances, deposits and other receivables

	2015	2014
Prepayments	**260,057**	249,975
Advances to suppliers	**3,943,691**	2,844,676
Other receivables	**360,034**	249,763
	4,563,782	3,344,414

9 Cash and bank balances

	2015	2014
Cash in hand	**144,796**	54,586
Bank balances - current accounts	**28,017,517**	18,512,667
	28,162,313	18,567,253

Bank balances are maintained with banks registered in the United Arab Emirates.

		2015	2014
10 Share capital			
Number of ordinary shares	(Nos.)	**355,865,320**	355,865,320
Nominal value per ordinary share	(AED)	**1**	1
Issued and fully paid-up share capital	(AED)	**355,865,320**	355,865,320

11 Basic earnings per share

Profit for the year	(AED)	**50,648,825**	25,773,820
Weighted average number of shares	(Nos.)	**355,865,320**	355,865,320
Earnings per share for the year	(U.A.E. Fils)	**14.2**	7.2

12 Proposed distribution of profits

For the year 2015, the Board of Directors have proposed a cash dividend of 5% of the paid-up share capital, amounting to AED 17,793,266 (2014 : Nil), subject to approval by the Shareholders' General Assembly.

13 Statutory reserve

Balance at the beginning of the year	**145,075,893**	142,498,511
Add: Transferred from profit for the year (note 15)	**5,064,883**	2,577,382
Balance at the end of the year	**150,140,776**	145,075,893

In accordance with the Entity's Memorandum of Association and Article 239 of the UAE Federal Law No. (2) of 2015, the Entity has established a statutory reserve by appropriation of 10% of the profit for each year. The shareholders' general assembly may stop appropriations to the statutory reserve once its balance reaches 50% of the paid-up share capital. This reserve is not available for distribution except in the circumstances stipulated by law.

14 Voluntary reserve

Balance at the end of the year	**222,536,002**	222,536,002

In accordance with the Entity's Memorandum of Association, 10% of the profit of each year is to be appropriated to a voluntary reserve. Transfer may be suspended as proposed by the Board of Directors and approved by the Shareholders' General Assembly or when the reserve reaches 50% of the paid-up capital. This reserve is distributable when approved by a shareholders' resolution based on the recommendations of the Board of Directors.

15 Retained earnings

Balance at the beginning of the year	**227,905,022**	204,708,584
Profit for the year	**50,648,825**	25,773,820
Less: Transferred to statutory reserve (note 13)	**(5,064,883)**	(2,577,382)
Balance at the end of the year	**273,488,964**	227,905,022

16 Bank borrowings

(a) Term loans

Balance at the beginning of the year	**334,947,492**	258,637,841
Add: Received during the year	**120,797,943**	117,308,879
Add: Transferred from finance lease liability (note 17)	**68,514,300**	-
Less: Repaid during the year	**(61,946,849)**	(40,999,228)
Balance at the end of the year	**462,312,886**	334,947,492
Comprising:		
Non-current portion	**380,392,675**	278,710,169
Current portion	**81,920,211**	56,237,323
	462,312,886	334,947,492

16 Bank borrowings (continued)

(a) Term loans (continued)

	2015	2014
Break-up of term loans		
Term loan 1	**178,067,956**	217,638,613
Term loan 2	**98,680,038**	17,308,879
Term loan 3	**83,333,333**	100,000,000
Term loan 4	**62,804,775**	-
Term loan 5	**39,426,784**	-
	462,312,886	334,947,492

Term loan 1

During 2006, the Entity was sanctioned this loan from an overseas bank to partly finance the cost of constructing a new clinker production line with a capacity of 7,500 metric tonnes per day. During 2010, the outstanding balance of AED 336,350,584 was rescheduled to be repaid in seventeen semi-annual installments of AED 19,785,328 each commenced in February 2012 and ending in February 2020.

Term loan 2

During 2014, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 123,400,000 to finance the Waste Heat Recovery based captive power plant expansion project. Drawdown of this loan as of December 31, 2015 amounted to AED 98,680,038. Repayment of the loan is in twenty eight equal quarterly installments of AED 4,407,143 each commencing from November 2016 and ending in October 2023.

Term loan 3

During 2014, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 100,000,000 to refinance the existing liabilities with other banks. Repayment of the loan is in twelve equal half yearly installments of AED 8,333,333 each commenced in March 2015 and ending in September 2020.

Term loan 4

In April 2015, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 68,514,300 to convert the existing finance lease liability (note 17) with the same bank. Repayment of the loan is in twelve equal half yearly installments of AED 5,709,525 each commenced from August 2015 and ending in February 2021.

Term loan 5

In September 2015, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 40 million, of which AED 39,426,784 was drawn down, to finance royalty payment of AED 11,426,784 to Fujairah Natural Resources Corporation and land rent payment of AED 28,000,000 to Dibba Municipality. Repayment of the loan is in eight equal half yearly installments of AED 4,928,348 each commencing from March 2016 and ending in September 2019.

Interest on the term loans is accrued at commercial rate on monthly basis and paid separately on the due dates.

(b) Other bank borrowings

	2015	2014
Trust receipts	**117,450,082**	53,994,804
Bills discounted	**41,105,698**	19,885,543
Acceptances	**-**	92,575,660
	158,555,780	166,456,007

Interest on trust receipts are calculated for the duration of the repayment period and collected by the financing bank on monthly basis or at maturity, whichever is applicable.

		2015	2014
16 Bank borrowings (continued)			
Bank borrowings - non-current portion			
Non-current portion of term loans is to be repaid as follows:			
In the second year		**95,141,640**	56,237,323
In the third to fifth year		**255,782,903**	168,711,970
After five years		**29,468,132**	53,760,876
Term loans	(refer a)	**380,392,675**	278,710,169
Bank borrowings - current portion			
Term loans	(refer a)	**81,920,211**	56,237,323
Other bank borrowings	(refer b)	**158,555,780**	166,456,007
		240,475,991	222,693,330
Total bank borrowings		**620,868,666**	501,403,499

Bank borrowings are secured by:

i) Registered charge over Thermal Power Plant (including machinery) (note 4).
ii) Registered chattel mortgage over the Waste Heat Recovery based captive power plant expansion project (note 4).

iii) Assignment of insurance policy for AED 406.7 million covering the cement factory on a parri passu basis (note 4).
iv) Assignment of insurance policy for AED 236.9 million covering the Thermal Power Plant on a parri passu basis (note 4).
v) Assignment of insurance policies covering the inventories and the Waste Heat Recovery based captive power plant expansion project (note 4).
vi) Assignment of insurance policies covering moveable assets (note 4) and inventories (note 6) for the refinancing loan.
vii) Assignment of leasehold rights (between the Entity & Fujairah Municipality) over the land on which the Thermal Power Plant is located (note 4).

17 Finance lease liability

	2015	2014
Balance at the beginning of the year	**82,217,161**	109,622,881
Less: Repaid during the year	**(13,702,861)**	(27,405,720)
Less: Transferred to term loans (note 16)	**(68,514,300)**	-
Balance at the end of the year	-	82,217,161
Comprising:		
Non-current portion	-	54,811,441
Current portion	-	27,405,720
	-	82,217,161

In April 2015, the lending bank converted the financial lease liability into a term loan (note 16).

18 Employees' end of service benefits

	2015	2014
Balance at the beginning of the year	**13,754,037**	12,535,899
Add: Charge for the year	**1,966,620**	2,144,569
Less: Paid during the year	**(2,216,671)**	(926,431)
Balance at the end of the year	**13,503,986**	13,754,037

Amounts required to cover end of service benefits at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees’ accumulated period of service and current basic remuneration at that date.

		2015	2014
19	**Trade and other payables**		
	Trade payable	**67,400,903**	140,997,695
	Retention payable	**9,237,474**	154,266
	Dividends payable	**4,290,587**	4,294,004
	Advances received from customers	**1,513,121**	1,189,750
	Accruals	**11,353,251**	32,436,702
	Interest payable	**3,872,800**	4,121,175
	Other payables	**678,396**	1,008,981
		98,346,532	184,202,573

		For the year ended December 31,	
		2015	2014
20	**Revenue**		
	Sales : Within U.A.E.	**258,930,024**	278,554,170
	: Outside U.A.E. : G.C.C.	**343,605,497**	324,235,969
	: Others	**9,672,031**	12,709,181
		612,207,552	615,499,320
21	**Cost of sales**		
	Manufacturing costs	**486,803,090**	510,257,939
	Depreciation of property, plant and equipment (note 4)	**50,129,025**	49,359,664
		536,932,115	559,617,603
22	**Selling and distribution expenses**		
	Salaries and related benefits	**1,434,579**	1,516,620
	Vehicle expenses	**411,297**	438,107
	Business promotion	**46,115**	86,452
	Others	**71,790**	55,303
		1,963,781	2,096,482
23	**General and administrative expenses**		
	Salaries and related benefits	**6,311,164**	4,437,945
	Allowance for slow-moving spare parts (note 6)	**1,000,000**	1,000,000
	Legal, visa, professional and related expenses	**1,280,239**	693,788
	Social responsibility contributions*	**1,254,280**	1,157,000
	Rent	**316,694**	351,722
	Utilities	**396,188**	423,596
	Telephone and communication	**419,067**	384,031
	Insurance	**1,373,672**	883,337
	Travelling and entertainment	**226,196**	186,592
	Repairs and maintenance	**315,233**	274,763
	Others	**658,558**	405,455
		13,551,291	10,198,229

* Social responsibility contributions include AED 1 million (2014: AED 1 million) paid to Fujairah Foundation for Regions Development and balance of AED 254,280 (2014: 157,000) to recognised institutions.

24	**Finance costs**		
	Interest on bank borrowings	**17,111,088**	14,591,733

	For the year ended December 31,	
	2015	2014
25 Other income		
Sale of scrap	**117,460**	945,833
Gain on disposal of property, plant and equipment	**101,799**	-
Cash discounts received*	**11,643,575**	-
Others	**830,542**	526,542
	12,693,376	1,472,375

*Includes discount of AED 11.4 million granted by the Government of Fujairah on payment of royalty dues.

26 Operating lease commitments

Cement and clinker plants, buildings and thermal power plant are erected on land leased from Fujairah Municipality for which lease rents are payable. Management considers these lease arrangements as non-cancellable.

Future commitments under the operating leases fall due as follows:

	2015	2014
Within one year	**9,443,257**	9,258,095
More than 1 year and less than 5 years	**39,699,833**	38,921,405
More than 5 years	**268,819,937**	279,041,622
	317,963,027	327,221,122

27 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24 "Related Party Disclosures". Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel.

The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

	2015	2014
a) Balances due from related parties (included in trade receivables)	**1,630,845**	1,385,135

b) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended December 31,	
	2015	2014
Sales	**4,867,060**	4,875,867

c) Key management personnel compensation

The compensation of key management personnel is as follows:

Key management remuneration	**3,056,237**	2,470,532

28 Financial instruments

a) *Significant accounting policies*

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

b) *Fair value of financial instruments that are not measured at fair value on recurring basis*

	As at December 31,		**As at December 31,**	
	2015	2014	**2015**	2014
Financial assets	Carrying amount		Fair value	
Trade receivables	**168,639,094**	161,917,850	**168,639,094**	161,917,850
Advances, deposits and other receivables	**360,034**	249,763	**360,034**	249,763
Cash and bank balances	**28,162,313**	18,567,253	**28,162,313**	18,567,253
	197,161,441	180,734,866	**197,161,441**	180,734,866
Financial liabilities				
Bank borrowings	**620,868,666**	501,403,499	**620,868,666**	501,403,499
Finance lease liability	-	82,217,161	-	82,217,161
Trade and other payables	**96,833,411**	183,012,823	**96,833,411**	183,012,823
	717,702,077	766,633,483	**717,702,077**	766,633,483

Financial instruments comprise of financial assets and financial liabilities, as stated above.

As at the end of the reporting period, the fair values of financial instruments approximate their carrying amounts.

The fair values of financial instruments are included at the amount at which the instruments could be exchanged in a current transaction between knowledgeable willing parties.

c) *Valuation premise for fair value of financial instruments that are not measured at fair value on recurring basis*

The following methods and assumptions were used to estimate the fair values:

Receivables are evaluated based on parameters such as interest rates and individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at the end of the reporting period, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The fair values of financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. As at the end of the reporting period, the carrying amounts of such financial liabilities were not materially different from their calculated fair values.

29 Financial risk management objectives

Management has set out the Entity’s overall business strategies and its risk management philosophy. The Entity’s overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity's policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk and interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity’s policy guidelines are complied with.

There has been no change to the Entity’s exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies. However, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

29 Financial risk management objectives (continued)

a) *Foreign currency risk management*

Exposures to exchange rate fluctuations arise as the Entity undertakes certain transactions denominated in foreign currencies.

There are no significant exchange rate risks, as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirhams, other G.C.C. currencies or United States Dollars to which the Arab Emirates Dirhams is fixed. Management undertakes suitable procedures to minimize risks associated with transactions denominated in currencies other than Arab Emirates Dirhams and United States Dollars.

b) *Interest rate risk management*

The Entity's exposure to the risk of changes in market interest rates relates primarily to the Entity's borrowings with floating interest rates. The Entity's policy is to manage its interest cost using a mix of fixed and variable rate debts. Interest on financial instruments having floating rates is re-priced at intervals of less than one year and interest on financial instruments having fixed rate is fixed until the maturity of the instrument.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used for reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the financial result for the current year ended would (decrease)/increase by AED 3,104,343 (2014: AED 2,918,103).

c) *Liquidity risk management*

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

The Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and shareholders' equity.

Liquidity and interest risk tables

The table on the following page summarises the maturity profile of the Entity's financial instruments. The contractual maturities of the financial instruments have been determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date. The maturity profile is monitored by the management to ensure adequate liquidity is maintained. The maturity profile of the financial instruments at the end of the reporting period, based on contractual repayment arrangements, is also shown on the following page:

29 Financial risk management objectives (continued)

c) Liquidity risk management (continued)

Liquidity and interest risk tables (continued)

Particulars	Interest bearing: On demand or less than 3 months	Interest bearing: Within 1 year	Interest bearing: More than 1 year	Non-Interest bearing: On demand or less than 3 months	Non-Interest bearing: Within 1 year	Non-Interest bearing: More than 1 year	Total
	As at December 31, 2015						
Financial assets							
Trade receivables	-	-	-	-	168,639,094	-	168,639,094
Advances, deposits and other receivables	-	-	-	-	360,034	-	360,034
Cash and bank balances	-	-	-	28,162,313	-	-	28,162,313
	-	-	-	28,162,313	168,999,128	-	197,161,441
Financial liabilities							
Bank borrowings	-	240,475,991	380,392,675	-	-	-	620,868,666
Trade and other payables	-	-	-	-	96,833,411	-	96,833,411
	-	240,475,991	380,392,675	-	96,833,411	-	717,702,077
	As at December 31, 2014						
Financial assets							
Trade receivables	-	-	-	-	161,917,850	-	161,917,850
Advances, deposits and other receivables	-	-	-	-	249,763	-	249,763
Cash and bank balances	-	-	-	18,567,253	-	-	18,567,253
	-	-	-	18,567,253	162,167,613	-	180,734,866
Financial liabilities							
Bank borrowings	-	222,693,330	278,710,169	-	-	-	501,403,499
Finance lease liability	-	27,405,720	54,811,441	-	-	-	82,217,161
Trade and other payables	-	-	-	-	183,012,823	-	183,012,823
	-	250,099,050	333,521,610	-	183,012,823	-	766,633,483

29 Financial risk management objectives (continued)

d) Price risk

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

e) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's credit exposure is continuously monitored and regularly reviewed by the management and the Entity maintains an allowance for doubtful debts based on expected collectability of all trade receivables.

Trade receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables. Before accepting a new customer, the Entity normally obtains a bank guarantee. Further details of credit risks on trade and other receivables are disclosed under notes 7 and 8 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which are net of impairment losses, represents the Entity's maximum exposure to credit risks.

30 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The Entity reviews the capital structure on a semi-annual basis. As part of this review, the Entity considers the cost of capital and risk associated with capital. The Entity does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective.

31 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability as of the reporting date.

32 Commitments

	As at December 31,	
	2015	2014
Commitments for the purchase of property, plant and equipment	**30,034,250**	122,548,655

Except for the above and ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known commitment as of the reporting date.

33 Comparatives

Certain amounts of the prior year were reclassified to conform to the current year's presentation. However, such reclassification has no impact on the previously reported financial result or shareholders' equity.