

**Fujairah Cement Industries P.J.S.C.**

**Fujairah - United Arab Emirates**

**Independent auditor's review report and condensed  
interim financial information**

**For the nine month period ended September 30, 2016  
(unaudited)**

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Table of contents

---

	<b><u>Pages</u></b>
General information	1
Independent auditor's report on review of condensed interim financial information	2
Condensed interim statement of financial position	3
Condensed interim statement of profit or loss	4
Condensed interim statement of other comprehensive income	5
Condensed interim statement of changes in shareholders' equity	6
Condensed interim statement of cash flows	7
Notes to the condensed interim financial information	8 - 18

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

General information

---

Head Office Address : P. O. Box: 600  
Fujairah - United Arab Emirates  
T: +971 9 222 3111  
F: +971 9 222 7718  
Email: hofci79@fciho.ae

Factory Address : P.O. Box: 11477  
Dibba, Fujairah - United Arab Emirates  
T: +971 9 244 4011  
F: +971 9 244 4016  
Email: fujcem82@emirates.net.ae

Website : [www.fujairahcement.com](http://www.fujairahcement.com)

The Auditors : Horwath Mak  
P. O. Box: 1650  
Fujairah - United Arab Emirates

Ref: JM/AR/F-16/064

**Independent auditor's report on review of condensed interim financial information**

To,

The Board of Directors

**M/s. Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

**Introduction**

We have reviewed the accompanying condensed interim financial information of **M/s. Fujairah Cement Industries P.J.S.C.**, Fujairah - United Arab Emirates (the "Entity") which comprise the condensed interim statement of financial position as at September 30, 2016, the condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income, the condensed interim statement of changes in shareholders' equity and the condensed interim statement of cash flows for the nine month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim 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 opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**For Horwath Mak**

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

November 10, 2016



**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Condensed interim statement of financial position as at September 30, 2016 (Unaudited)

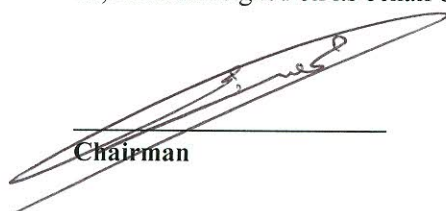
(In Arab Emirates Dirhams)

	Notes	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment	3	1,275,671,508	1,296,941,923
Extraction and concession rights	4	4,473,433	7,993,805
Investment in an associate	5	13,561,000	-
<i>Total non-current assets</i>		<u>1,293,705,941</u>	<u>1,304,935,728</u>
<i>Current assets</i>			
Inventories	6	224,759,148	228,449,329
Trade receivables	7	162,382,071	168,639,094
Advances, deposits and other receivables	8	7,670,881	4,563,782
Cash and bank balances	9	12,797,596	28,162,313
<i>Total current assets</i>		<u>407,609,696</u>	<u>429,814,518</u>
<b>Total assets</b>		<u><u>1,701,315,637</u></u>	<u><u>1,734,750,246</u></u>
<b>Shareholders' equity and liabilities</b>			
<i>Shareholders' equity</i>			
Share capital	10	355,865,320	355,865,320
Statutory reserve	13	150,140,776	150,140,776
Voluntary reserve	14	222,536,002	222,536,002
Retained earnings	15	299,043,509	273,488,964
<i>Total shareholders' equity</i>		<u>1,027,585,607</u>	<u>1,002,031,062</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	16	311,355,971	380,392,675
Employees' end of service benefits	17	14,952,168	13,503,986
<i>Total non-current liabilities</i>		<u>326,308,139</u>	<u>393,896,661</u>
<i>Current liabilities</i>			
Bank borrowings - current portion	16	236,796,947	240,475,991
Trade and other payables	18	110,624,944	98,346,532
<i>Total current liabilities</i>		<u>347,421,891</u>	<u>338,822,523</u>
<i>Total liabilities</i>		<u>673,730,030</u>	<u>732,719,184</u>
<b>Total shareholders' equity and liabilities</b>		<u><u>1,701,315,637</u></u>	<u><u>1,734,750,246</u></u>

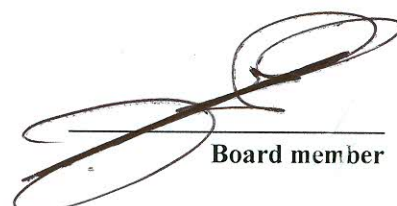
The accompanying notes form an integral part of this condensed interim financial information.

The review report of the auditors is set out on page 2.

The condensed interim financial information on pages 3 to 18 were approved by the Board of Directors on November 10, 2016 and signed on its behalf by:



Chairman



Board member



**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Condensed interim statement of profit or loss

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

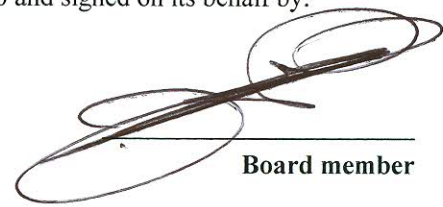
	Notes	Jul 01, 2016 to Sep 30, 2016 (3 months) (Unaudited)	Jul 01, 2015 to Sep 30, 2015 (3 months) (Unaudited)	Jan 01, 2016 to Sep 30, 2016 (9 months) (Unaudited)	Jan 01, 2015 to Sep 30, 2015 (9 months) (Unaudited)
Revenue	19	140,368,337	138,891,719	455,366,712	454,273,998
Cost of sales		(119,372,788)	(122,612,588)	(383,041,754)	(403,651,228)
<b>Gross profit</b>		<b>20,995,549</b>	<b>16,279,131</b>	<b>72,324,958</b>	<b>50,622,770</b>
Selling and distribution expenses		(528,378)	(493,337)	(1,942,328)	(1,538,653)
General and administrative expenses		(3,457,020)	(3,229,139)	(11,734,784)	(9,817,653)
Amortization of extraction and concession rights	4	(1,173,456)	(1,173,456)	(3,520,372)	(3,520,372)
Finance costs		(3,576,065)	(4,273,274)	(10,444,286)	(12,142,403)
Other income		130,537	689,313	964,623	1,096,429
<b>Profit for the period</b>		<b>12,391,167</b>	<b>7,799,238</b>	<b>45,647,811</b>	<b>24,700,118</b>
Basic and diluted earnings per share (U.A.E. Fils)	11	<b>3.48</b>	<b>2.19</b>	<b>12.83</b>	<b>6.94</b>

The accompanying notes form an integral part of this condensed interim financial information.

The review report of the auditors is set out on page 2.

The condensed interim financial information on pages 3 to 18 were approved by the Board of Directors on November 10, 2016 and signed on its behalf by:


  
Chairman


  
Board member

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Condensed interim statement of other comprehensive income

For the nine month period ended September 30, 2016 (Unaudited)

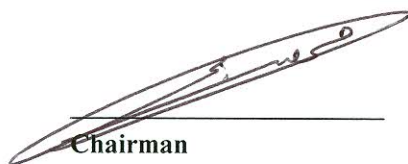
(In Arab Emirates Dirhams)

	Note	Jul 01, 2016 to Sep 30, 2016 (3 months) (Unaudited)	Jul 01, 2015 to Sep 30, 2015 (3 months) (Unaudited)	Jan 01, 2016 to Sep 30, 2016 (9 months) (Unaudited)	Jan 01, 2015 to Sep 30, 2015 (9 months) (Unaudited)
<b>Profit for the period</b>		<b>12,391,167</b>	<b>7,799,238</b>	<b>45,647,811</b>	<b>24,700,118</b>
Other comprehensive income:					
<i>Item that will not be reclassified subsequently to profit or loss:</i>					
Remuneration to the Board of Directors	20	-	-	(2,300,000)	-
<b>Total comprehensive income for the period</b>		<b>12,391,167</b>	<b>7,799,238</b>	<b>43,347,811</b>	<b>24,700,118</b>

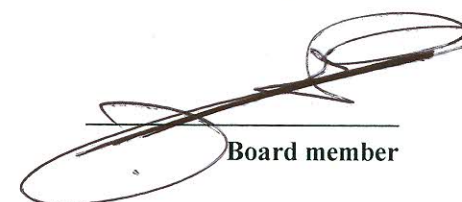
The accompanying notes form an integral part of this condensed interim financial information.

The review report of the auditors is set out on page 2.

The condensed interim financial information on pages 3 to 18 were approved by the Board of Directors on November 10, 2016 and signed on its behalf by:



Chairman



Board member

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Condensed interim statement of changes in shareholders' equity  
For the nine month period ended September 30, 2016 (Unaudited)  
(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at December 31, 2014 (Audited)	355,865,320	145,075,893	222,536,002	227,905,022	951,382,237
Profit for the period	-	-	-	24,700,118	24,700,118
Balance as at September 30, 2015 (Unaudited)	<u>355,865,320</u>	<u>145,075,893</u>	<u>222,536,002</u>	<u>252,605,140</u>	<u>976,082,355</u>
Balance as at December 31, 2015 (Audited)	355,865,320	150,140,776	222,536,002	273,488,964	1,002,031,062
Profit for the period	-	-	-	45,647,811	45,647,811
Remuneration to the Board of Directors	-	-	-	(2,300,000)	(2,300,000)
Total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,347,811</u>	<u>43,347,811</u>
Dividends	-	-	-	(17,793,266)	(17,793,266)
<b>Balance as at September 30, 2016 (Unaudited)</b>	<b><u>355,865,320</u></b>	<b><u>150,140,776</u></b>	<b><u>222,536,002</u></b>	<b><u>299,043,509</u></b>	<b><u>1,027,585,607</u></b>

The accompanying notes form an integral part of this condensed interim financial information.

The review report of the auditors is set out on page 2.



**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Condensed interim statement of cash flows

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

	<b>Jan 01, 2016 to Sep 30, 2016 (9 months) (Unaudited)</b>	<b>Jan 01, 2015 to Sep 30, 2015 (9 months) (Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit for the period	45,647,811	24,700,118
<i>Adjustments for:</i>		
(Gain) on disposal of property, plant and equipment	(88,588)	-
Depreciation on property, plant and equipment	40,502,882	37,517,055
Allowance for slow-moving spare parts	750,000	750,000
Amortization of extraction and concession rights	3,520,372	3,520,372
Provision for employees' end of service benefits	1,908,557	1,560,989
<b>Operating profit before changes in operating assets and liabilities</b>	<b>92,241,034</b>	<b>68,048,534</b>
<i>(Increase)/decrease in current assets</i>		
Inventories	2,940,181	33,175,149
Trade receivables	6,257,023	12,182,849
Advances, deposits and other receivables	(3,107,099)	(10,942,153)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	12,288,911	(71,272,217)
<b>Cash generated from operations</b>	<b>110,620,050</b>	<b>31,192,162</b>
Employees' end-of-service benefits paid	(460,375)	(1,959,643)
<b>Net cash from operating activities</b>	<b>110,159,675</b>	<b>29,232,519</b>
<b>Cash flows from investing activities</b>		
Investment in an associate	(13,561,000)	-
Acquisition of property, plant and equipment	(19,232,479)	(79,912,172)
Proceeds from disposal of property, plant and equipment	88,600	-
<b>Net cash (used in) investing activities</b>	<b>(32,704,879)</b>	<b>(79,912,172)</b>
<b>Cash flows from financing activities</b>		
Proceeds from term loans	22,050,904	101,881,279
(Repayment) of term loans	(77,634,867)	(61,946,649)
(Repayment)/proceeds of other bank borrowings, net	(17,131,785)	22,477,627
(Repayment) of finance lease liability	-	(13,702,861)
Dividends paid	(17,803,765)	(3,417)
Remuneration to the Board of Directors	(2,300,000)	-
<b>Net cash (used in)/from financing activities</b>	<b>(92,819,513)</b>	<b>48,705,979</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(15,364,717)</b>	<b>(1,973,674)</b>
Cash and cash equivalents, beginning of the period	28,162,313	18,567,253
<b>Cash and cash equivalents, end of the period</b>	<b>12,797,596</b>	<b>16,593,579</b>
<b>Represented by:</b>		
Cash in hand	165,286	139,600
Bank balances - current accounts	12,632,310	16,453,979
	<b>12,797,596</b>	<b>16,593,579</b>

The accompanying notes form an integral part of this condensed interim financial information.

The review report of the auditors is set out on page 2.

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

---

**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 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** This condensed interim financial information incorporates the operating results of the Industrial license no. 80001.

**2 Significant accounting policies****2.1 Basis of preparation**

This condensed interim financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and is presented in Arab Emirates Dirhams (AED) which is the functional currency of the Entity.

This condensed interim financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value.

The accounting policies and methods of computation adopted in preparing this condensed interim financial information are consistent with those used in the audited financial statements for the year ended December 31, 2015.

All aspects of the financial risk management objectives and policies are consistent with that disclosed in the audited financial statements for the year ended December 31, 2015.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2015.

The result for the nine month period ended September 30, 2016 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2016.

The preparation of this condensed interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements for the year ended December 31, 2015.

**2.2 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 comprises 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.

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

**2 Significant accounting policies (continued)****2.2 Property, plant and equipment (continued)**

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:

	<u>Years</u>
Buildings and leasehold improvements	8 to 35
Plant and machinery	6 to 35
Furniture and fixtures	4
Vehicles and mobile plant	4
Tools and equipment	4
Quarry development	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.

**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 commences, on the same basis of estimated useful lives stated above, when the assets are ready for their intended use.

**2.3 Investment in associate**

An associate is an investee in which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are accounted for using the equity method of accounting. Under the equity method, investment in the associate is initially recognised at cost and adjusted thereafter to recognise the Entity's share of profit or loss and other comprehensive income of the associate. When the Entity's share of losses of the associate exceeds the Entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate), the Entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate.

Investment in the associate is accounted for using the equity method from the date on which the investee becomes an associate and any excess of the cost of the investments over the Entity's share of the net fair value of the identifiable assets and liabilities of an associate is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Entity's investment in the associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

**2 Significant accounting policies (continued)****2.3 Investment in associate (continued)**

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Entity retains an interest in the former associate and the retained interest is a financial asset, the Entity measures the retained interest at fair value at the date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date equity method was discontinued and the fair value of the retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of associate. In addition, the Entity accounts for all amounts previously recognised in other comprehensive income in relation of that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Entity reduces its ownership interest in an associate, but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related asset or liabilities.

When the Entity transacts with its associate, profits or losses resulting from the transactions with the associate are recognised in the Entity's financial statements only to the extent of interests in the associate that are not related to the Entity.

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

**3 Property, plant and equipment**

	Land, buildings and leasehold improvements	Plant and machinery	Furniture and fixtures	Vehicles and mobile plant	Tools and equipment	Quarry development	Capital work-in- progress	Total
<b>Cost</b>								
As at December 31, 2014 (Audited)	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 (Audited)	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
Addition during the period	-	1,126,187	89,200	1,118,544	184,741	-	16,713,807	19,232,479
Transferred from capital work-in-progress	8,447,900	113,079,528	-	-	-	-	(121,527,428)	-
Disposal during the period	-	-	-	(822,977)	-	-	-	(822,977)
<b>As at September 30, 2016 (Unaudited)</b>	<b>141,445,475</b>	<b>1,942,068,223</b>	<b>2,735,901</b>	<b>25,164,812</b>	<b>12,302,352</b>	<b>30,918,672</b>	<b>10,402,166</b>	<b>2,165,037,601</b>
<b>Accumulated depreciation</b>								
As at December 31, 2014 (Audited)	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 (Audited)	26,438,632	763,892,073	2,432,977	24,597,924	11,515,522	20,809,048	-	849,686,176
Charge for the period	3,008,467	36,338,249	68,696	236,705	266,610	584,155	-	40,502,882
Eliminated on disposal during the period	-	-	-	(822,965)	-	-	-	(822,965)
<b>As at September 30, 2016 (Unaudited)</b>	<b>29,447,099</b>	<b>800,230,322</b>	<b>2,501,673</b>	<b>24,011,664</b>	<b>11,782,132</b>	<b>21,393,203</b>	<b>-</b>	<b>889,366,093</b>
<b>Carrying value</b>								
<b>As at September 30, 2016 (Unaudited)</b>	<b>111,998,376</b>	<b>1,141,837,901</b>	<b>234,228</b>	<b>1,153,148</b>	<b>520,220</b>	<b>9,525,469</b>	<b>10,402,166</b>	<b>1,275,671,508</b>
As at December 31, 2015 (Audited)	106,558,943	1,063,970,435	213,724	271,321	602,089	10,109,624	115,215,787	1,296,941,923

**Notes:**

- Part of the buildings, plant and machinery are constructed/erected on land obtained on lease from the Government of Fujairah.
- Capital work-in-progress as of September 30, 2016 mainly represents cost of construction of sheds for storage of semi-finished products.
- Borrowing costs on Waste Heat Recovery (WHR) project capitalized during the period amounted to AED 855,121 (September 30, 2015: AED 1,490,441).
- Registered chattel mortgage over the WHR project and assignment of insurance policy covering the project are provided in favour of the bank against a term loan (note 16).
- Insurance policies covering movable assets are assigned in favour of the bank against the bank borrowings (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).
- Certain vehicles are hypothecated against a term loan (note 16).
- Depreciation is fully charged to cost of sales.
- Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period, amounted to AED 36,448,295 (December 31, 2015: AED 36,944,083).

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

	<b>Sep 30, 2016</b>	Dec 31, 2015
	<b>(Unaudited)</b>	(Audited)
<b>4 Extraction and concession rights</b>		
The carrying values are as follows:		
Extraction rights	<b>623,433</b>	2,493,805
Concession rights	<b>3,850,000</b>	5,500,000
	<b>4,473,433</b>	7,993,805
	<b>Extraction</b>	<b>Concession</b>
	<b>rights</b>	<b>rights</b>
		<b>Total</b>
<b>Cost</b>		
As at December 31, 2014 (Audited)	76,500,000	98,500,000
As at December 31, 2015 (Audited)	76,500,000	98,500,000
<b>As at September 30, 2016 (Unaudited)</b>	<b>76,500,000</b>	<b>98,500,000</b>
<b>Accumulated amortisation</b>		
As at December 31, 2014 (Audited)	71,512,367	85,812,367
Amortisation for the year	2,493,828	4,693,828
As at December 31, 2015 (Audited)	74,006,195	90,506,195
Amortisation for the period	1,870,372	3,520,372
<b>As at September 30, 2016 (Unaudited)</b>	<b>75,876,567</b>	<b>94,026,567</b>
<b>Carrying value:</b>		
<b>As at September 30, 2016 (Unaudited)</b>	<b>623,433</b>	<b>4,473,433</b>
As at December 31, 2015 (Audited)	2,493,805	7,993,805

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.

**5 Investment in an associate**

During the period, the Entity invested in 20% interest in M/s. Sohar Cement Factory L.L.C., Sohar, Sultanate of Oman (the "Associate"), a limited liability company, whose paid-up share capital is 7,100,000 Omani Riyals, comprising 7,100,000 shares of Omani Riyal one each. The activity of the Associate will be to manufacture all kinds of cement. The Associate has not commenced operations as it is in the plant-erection phase.



**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

	<b>Sep 30, 2016</b>	Dec 31, 2015
	<b>(Unaudited)</b>	(Audited)
<b>6 Inventories</b>		
Raw materials	<b>31,139,605</b>	25,118,887
Semi-finished products	<b>28,687,758</b>	46,131,688
Finished products	<b>4,048,990</b>	3,655,390
(a)	<b>63,876,353</b>	74,905,965
Spare parts	<b>121,894,358</b>	127,976,300
Burning media	<b>61,289,514</b>	47,030,727
Bags and packing materials	<b>448,923</b>	536,337
Less: Allowance for slow-moving spare parts	<b>(22,750,000)</b>	(22,000,000)
(b)	<b>160,882,795</b>	153,543,364
(a)+(b)	<b>224,759,148</b>	228,449,329
Movement in allowance for slow-moving spare parts is as follows:		
Balance at the beginning of the period/year	<b>22,000,000</b>	21,000,000
Charge during the period/year	<b>750,000</b>	1,000,000
Balance at the end of the period/year	<b>22,750,000</b>	22,000,000
Insurance policies covering inventories are assigned in favour of banks for the bank borrowings (note 16).		
<b>7 Trade receivables</b>		
Trade receivables	<b>164,270,755</b>	170,527,778
Less: Allowance for doubtful debts	<b>(1,888,684)</b>	(1,888,684)
	<b>162,382,071</b>	168,639,094
<i>Coverage:</i>		
Secured	<b>131,389,445</b>	121,918,258
Open credit	<b>30,992,626</b>	46,720,836
	<b>162,382,071</b>	168,639,094
<b>8 Advances, deposits and other receivables</b>		
Prepayments	<b>1,297,293</b>	260,057
Advances to suppliers	<b>5,993,290</b>	3,943,691
Other receivables	<b>380,298</b>	360,034
	<b>7,670,881</b>	4,563,782
<b>9 Cash and bank balances</b>		
Cash in hand	<b>165,286</b>	144,796
Bank balances - current accounts	<b>12,632,310</b>	28,017,517
	<b>12,797,596</b>	28,162,313
Bank balances are maintained with banks registered in the United Arab Emirates.		
<b>10 Share capital</b>		
Number of ordinary shares (Nos.)	<b>355,865,320</b>	355,865,320
Nominal value per ordinary share (AED)	<b>1</b>	1
Issued and fully paid-up share capital (AED)	<b>355,865,320</b>	355,865,320

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

	<b>Jul 01, 2016 to Sep 30, 2016 (3 months) (Unaudited)</b>	<b>Jul 01, 2015 to Sep 30, 2015 (3 months) (Unaudited)</b>	<b>Jan 01, 2016 to Sep 30, 2016 (9 months) (Unaudited)</b>	<b>Jan 01, 2015 to Sep 30, 2015 (9 months) (Unaudited)</b>
<b>11 Basic and diluted earnings per share</b>				
Profit for the period (AED)	<b>12,391,167</b>	7,799,238	<b>45,647,811</b>	24,700,118
Weighted average number of shares (Nos.)	<b>355,865,320</b>	355,865,320	<b>355,865,320</b>	355,865,320
Earnings per share (U.A.E. Fils)	<b>3.48</b>	2.19	<b>12.83</b>	6.94
<b>12 Dividends</b>				
During the period, a cash dividend of 5% of the paid-up share capital, amounting to AED 17,793,266 (2015: nil) (note 15) was paid as approved in the shareholders' general assembly held on April 21, 2016.				
			<b>Sep 30, 2016 (Unaudited)</b>	<b>Dec 31, 2015 (Audited)</b>
<b>13 Statutory reserve</b>				
Balance at the beginning of the period/year			<b>150,140,776</b>	145,075,893
Add: Transferred from profit for the period/year (note 15)			-	5,064,883
Balance at the end of the period/year			<b>150,140,776</b>	150,140,776
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.				
No transfer was effected at the end of the reporting period, as this will be based on the result for the financial year.				
<b>14 Voluntary reserve</b>				
Balance at the end of the period/year			<b>222,536,002</b>	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.				
<b>15 Retained earnings</b>				
Balance at the beginning of the period/year			<b>273,488,964</b>	227,905,022
Profit for the period/year			<b>45,647,811</b>	50,648,825
Remuneration to the Board of Directors (note 20)			<b>(2,300,000)</b>	-
Less: Transferred to statutory reserve (note 13)			-	(5,064,883)
Dividends (note 12)			<b>(17,793,266)</b>	-
Balance at the end of the period/year			<b>299,043,509</b>	273,488,964
<b>16 Bank borrowings</b>				
<b>(a) Term loans</b>				
Balance at the beginning of the period/year			<b>462,312,886</b>	334,947,492
Add: Received during the period/year			<b>22,050,904</b>	120,797,943
Add: Transferred from finance lease liability			-	68,514,300
Less: Repaid during the period/year			<b>(77,634,867)</b>	(61,946,849)
Balance at the end of the period/year			<b>406,728,923</b>	462,312,886

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

	<b>Sep 30, 2016</b>	Dec 31, 2015
	<b>(Unaudited)</b>	(Audited)
<b>16 Bank borrowings (continued)</b>		
<b>(a) Term loans (continued)</b>		
<i>Comprising:</i>		
Non-current portion	<b>311,355,971</b>	380,392,675
Current portion	<b>95,372,952</b>	81,920,211
	<b>406,728,923</b>	462,312,886
<i>Break-up of term loans</i>		
Term loan 1	<b>138,497,299</b>	178,067,956
Term loan 2	<b>119,749,950</b>	98,680,038
Term loan 3	<b>66,666,667</b>	83,333,333
Term loan 4	<b>51,385,726</b>	62,804,775
Term loan 5	<b>29,570,088</b>	39,426,784
Term loan 6	<b>859,193</b>	-
	<b>406,728,923</b>	462,312,886

*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 June 30, 2016 amounted to AED 119,749,950. Repayment of the loan is in twenty eight equal quarterly installments of AED 4,407,143 each commencing in 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*

During 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 with the same bank. Repayment of the loan is in twelve equal half yearly installments of AED 5,709,525 each commenced in August 2015 and ending in February 2021.

*Term loan 5*

During September 2015, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 40,000,000, 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 commenced in March 2016 and ending in September 2019.

*Term loan 6*

During 2016, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 980,989 to finance the purchase of motor vehicles. Repayment of the loan is in 48 equal monthly installments of AED 23,585 each (inclusive of interest) commenced in March 2016 and ending in April 2020.

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

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)
<b>16 Bank borrowings (continued)</b>		
<b>(b) Other bank borrowings</b>		
Trust receipts	111,617,865	117,450,082
Bills discounted	29,806,130	41,105,698
	<b>141,423,995</b>	<b>158,555,780</b>
<b>Bank borrowings - non-current portion</b>		
Non-current portion of term loans is to be repaid as follows:		
In the second year	95,387,985	95,141,640
In the third to fifth year	184,360,897	255,782,903
After five years	31,607,089	29,468,132
Term loans (refer a)	<b>311,355,971</b>	<b>380,392,675</b>
<b>Bank borrowings - current portion</b>		
Term loans (refer a)	95,372,952	81,920,211
Other bank borrowings (refer b)	141,423,995	158,555,780
	<b>236,796,947</b>	<b>240,475,991</b>
<b>Total bank borrowings</b>	<b>548,152,918</b>	<b>620,868,666</b>
Bank borrowings are secured by:		
i) Registered charge over Thermal Power Plant (including machinery) (note 3).		
ii) Registered chattel mortgage over the Waste Heat Recovery based captive power plant expansion project (note 3).		
iii) Assignment of insurance policy of AED 406.7 million covering the cement factory on a parri passu basis (note 3).		
iv) Assignment of insurance policy of AED 236.9 million covering the Thermal Power Plant on a parri passu basis (note 3).		
v) Assignment of insurance policies covering the inventories (note 6) and the Waste Heat Recovery based captive power plant expansion project (note 3).		
vi) Assignment of insurance policies covering moveable assets (note 3) and inventories (note 6).		
vii) Assignment of leasehold rights (between the Entity & Fujairah Municipality) over the land on which the Thermal Power Plant is located (note 3).		
viii) Hypothecation of certain vehicles (note 3).		
	Sep 30, 2016 (Unaudited)	Dec 31, 2015 (Audited)
<b>17 Employees' end of service benefits</b>		
Balance at the beginning of the period/year	13,503,986	13,754,037
Add: Charge for the period/year	1,908,557	1,966,620
Less: Paid during the period/year	(460,375)	(2,216,671)
Balance at the end of the period/year	<b>14,952,168</b>	<b>13,503,986</b>
<b>18 Trade and other payables</b>		
Trade payables	91,479,909	67,400,903
Retention payable	1,899,975	9,237,474
Dividends payable	4,280,088	4,290,587
Advances received from customers	1,298,531	1,513,121
Accruals	8,627,723	11,353,251
Interest payable	2,431,599	3,872,800
Other payables	607,119	678,396
	<b>110,624,944</b>	<b>98,346,532</b>

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

	<b>Jul 01, 2016 to</b>	Jul 01, 2015 to	<b>Jan 01, 2016 to</b>	Jan 01, 2015 to
	<b>Sep 30, 2016</b>	Sep 30, 2015	<b>Sep 30, 2016</b>	Sep 30, 2015
	<b>(3 months)</b>	(3 months)	<b>(9 months)</b>	(9 months)
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
<b>19 Revenue</b>				
Sales : Within U.A.E.	<b>51,388,115</b>	52,510,771	<b>179,423,918</b>	185,450,613
: Outside U.A.E. : G.C.C.	<b>88,840,222</b>	86,096,580	<b>275,546,743</b>	259,151,354
: Others	<b>140,000</b>	284,368	<b>396,051</b>	9,672,031
	<b>140,368,337</b>	138,891,719	<b>455,366,712</b>	454,273,998

**20 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.

	<b>Sep 30, 2016</b>	Dec 31, 2015
	<b>(Unaudited)</b>	(Audited)
a) Balances due from related parties (included in trade receivables)	<b>1,040,805</b>	1,630,845
<b>b) Transactions with related parties</b>		

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

	<b>Jul 01, 2016 to</b>	Jul 01, 2015 to	<b>Jan 01, 2016 to</b>	Jan 01, 2015 to
	<b>Sep 30, 2016</b>	Sep 30, 2015	<b>Sep 30, 2016</b>	Sep 30, 2015
	<b>(3 months)</b>	(3 months)	<b>(9 months)</b>	(9 months)
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
Sales	<b>888,115</b>	1,059,675	<b>3,612,000</b>	3,449,295
<b>c) Key management personnel compensation</b>				
The compensation of key management personnel is as follows:				
Key management remuneration	<b>790,435</b>	683,911	<b>3,388,475</b>	2,383,522
Remuneration to the Board of Directors (as approved in the shareholders' general assembly) (note 15)	-	-	<b>2,300,000</b>	-

**21 Seasonality of results**

No income of seasonal nature was recorded in the condensed interim statement of profit or loss for the current period.

**22 Contingent liabilities**

	<b>Sep 30, 2016</b>	Dec 31, 2015
	<b>(Unaudited)</b>	(Audited)
Law suit awaiting final verdict	<b>2,400,000</b>	-

Except for the above and 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.

**Fujairah Cement Industries P.J.S.C.**

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 30, 2016 (Unaudited)

(In Arab Emirates Dirhams)

**23 Commitments**

	<b>Sep 30, 2016</b>	<b>Dec 31, 2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Commitments for the purchase of property, plant and equipment	<b>3,941,870</b>	<b>30,034,250</b>

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.

**24 Comparatives**

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