

**Fujairah Cement Industries Company
(Public Shareholding Company)
Fujairah - United Arab Emirates**

**Independent auditors' review report and condensed
interim financial information
For the three month period ended March 31, 2014**

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Independent auditors' review report and condensed interim financial information
For the three month period ended March 31, 2014 (Unaudited)

Table of contents

	<u>Pages</u>
General information	1
Independent auditors' 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 - 16

Fujairah Cement Industries Company P.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
Fujairah - United Arab Emirates
T: +971 9 244 4011
F: +971 9 244 4016
Email: fujcem82@emirates.net.ae

Website : www.fujairahcement.com

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

Ref: JM/AR/F-14/030

Independent auditors' report on review of condensed interim financial information

To,

The Board of Directors
M/s. Fujairah Cement Industries Company P.S.C.
(Public Shareholding Company)
P. O. Box: 600
Fujairah - United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim financial information of **M/s. Fujairah Cement Industries Company P.S.C.**, Fujairah - United Arab Emirates (the "Entity") which comprise the condensed interim statement of financial position as at March 31, 2014, 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 three 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 as at March 31, 2014 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



May 15, 2014

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of financial position as at March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Notes	Mar 31, 2014 (Unaudited)	Dec 31, 2013 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	4	1,236,903,655	1,248,287,818
Extraction and concession rights	5	16,208,001	17,381,461
<i>Total non-current assets</i>		<u>1,253,111,656</u>	<u>1,265,669,279</u>
<i>Current assets</i>			
Inventories	6	314,441,656	292,503,998
Trade receivables	7	155,228,059	141,689,108
Advances, deposits and other receivables	8	13,403,856	8,389,271
Cash and bank balances	9	5,695,564	12,753,583
<i>Total current assets</i>		<u>488,769,135</u>	<u>455,335,960</u>
Total assets		<u>1,741,880,791</u>	<u>1,721,005,239</u>
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	10	355,865,320	355,865,320
Statutory reserve	12	142,498,511	142,498,511
Voluntary reserve	13	222,536,002	222,536,002
Retained earnings	14	210,099,726	204,708,584
<i>Total shareholders' equity</i>		<u>930,999,559</u>	<u>925,608,417</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	15	197,853,284	217,638,613
Finance lease liability	16	68,514,301	82,217,161
Employees' end of service benefits	17	13,205,002	12,535,899
<i>Total non-current liabilities</i>		<u>279,572,587</u>	<u>312,391,673</u>
<i>Current liabilities</i>			
Trade and other payables	18	224,190,577	156,989,150
Bank borrowings	15	279,712,348	298,610,279
Finance lease liability	16	27,405,720	27,405,720
<i>Total current liabilities</i>		<u>531,308,645</u>	<u>483,005,149</u>
<i>Total liabilities</i>		<u>810,881,232</u>	<u>795,396,822</u>
Total shareholders' equity and liabilities		<u>1,741,880,791</u>	<u>1,721,005,239</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 16 were approved by the Board of Directors on May 15, 2014 and signed on its behalf by:



Chairman



Board member

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of profit or loss

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Notes	Jan 01, 2014 to Mar 31, 2014 (3 months) (Unaudited)	Jan 01, 2013 to Mar 31, 2013 (3 months) (Unaudited)
Sales	19	152,231,378	130,192,431
Cost of sales		(139,088,896)	(121,559,789)
Gross profit		13,142,482	8,632,642
Selling and distribution expenses		(632,046)	(462,263)
General and administrative expenses		(2,521,456)	(2,766,935)
Amortization of extraction and concession rights	5	(1,173,460)	(1,173,460)
Finance costs		(3,459,253)	(3,924,804)
Other income		34,875	158,433
Profit for the period		5,391,142	463,613
Basic earnings per share (U.A.E. Fils)	11	1.51	0.13

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 16 were approved by the Board of Directors on May 15, 2014 and signed on its behalf by:



Chairman

Board member

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of other comprehensive income

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	<u>Jan 01, 2014 to</u> <u>Mar 31, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2013 to</u> <u>Mar 31, 2013</u> <u>(3 months)</u> <u>(Unaudited)</u>
Profit for the period	5,391,142	463,613
Other comprehensive income	-	-
Total comprehensive income for the period	5,391,142	463,613

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 16 were approved by the Board of Directors on May 15, 2014 and signed on its behalf by:

Chairman

Board member

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of changes in shareholders' equity

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total shareholders' equity
Balance as at December 31, 2012 (Audited)	355,865,320	142,498,511	222,536,002	216,898,609	937,798,442
Profit for the period	-	-	-	463,613	463,613
Balance as at March 31, 2013 (Unaudited)	<u>355,865,320</u>	<u>142,498,511</u>	<u>222,536,002</u>	<u>217,362,222</u>	<u>938,262,055</u>
Balance as at December 31, 2013 (Audited)	355,865,320	142,498,511	222,536,002	204,708,584	925,608,417
Profit for the period	-	-	-	5,391,142	5,391,142
Balance as at March 31, 2014 (Unaudited)	<u>355,865,320</u>	<u>142,498,511</u>	<u>222,536,002</u>	<u>210,099,726</u>	<u>930,999,559</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.

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of cash flows

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Jan 01, 2014 to Mar 31, 2014 (3 months) (Unaudited)	Jan 01, 2013 to Mar 31, 2013 (3 months) (Unaudited)
Cash flows from operating activities		
Profit for the period	5,391,142	463,613
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	12,223,502	12,106,793
Allowance for slow-moving spare parts	250,000	250,000
Amortization of extraction and concession rights	1,173,460	1,173,460
Provision for employees' end of service benefits	838,307	673,348
Operating profit before changes in operating assets and liabilities	19,876,411	14,667,214
<i>(Increase) / decrease in current assets</i>		
Inventories	(22,187,658)	28,674,334
Trade receivables	(13,538,951)	(17,826,308)
Advances, deposits and other receivables	(5,014,585)	(23,859,762)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	67,351,891	23,030,601
Cash generated from operations	46,487,108	24,686,079
Employees' end-of-service benefits paid	(169,204)	(282,956)
Net cash from operating activities	46,317,904	24,403,123
Cash flows from investing activities		
Acquisition of property, plant and equipment	(839,339)	(198,880)
Net cash (used in) investing activities	(839,339)	(198,880)
Cash flows from financing activities		
(Repayment) of term loans	(21,213,900)	(21,213,900)
(Repayment)/proceeds of bank borrowings, net	(17,469,360)	3,151,521
(Repayment) of finance lease liability	(13,702,860)	(13,702,860)
Dividends paid	(150,464)	-
Net cash (used in) financing activities	(52,536,584)	(31,765,239)
Net (decrease) in cash and cash equivalents	(7,058,019)	(7,560,996)
Cash and cash equivalents, beginning of the period	12,753,583	18,451,836
Cash and cash equivalents, end of the period	5,695,564	10,890,840
 <i>Represented by:</i>		
Cash in hand	210,771	179,346
Bank balances - current accounts	5,484,793	10,711,494
	5,695,564	10,890,840

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 Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

1 Legal status and business activities

- 1.1** M/s. **Fujairah Cement Industries Company P.S.C.** (the “Entity”) is a public shareholding 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** This condensed interim financial information incorporates the operating results of the Industrial license no. 80001.

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.

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosures of Interest in Other Entities*

IFRS 13 *Fair Value Measurement*

IAS 27 *Separate Financial Statements (revised 2011)*

IAS 28 *Investments in Associates and Joint Ventures (revised 2011)*

IFRIC 20 *Stripping Costs in the Production of a Surface Mine*

3 Significant accounting policies

3.1 Basis of preparation

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

This condensed interim financial information of the Entity does not contain all of the information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Entity’s annual financial statements for the year ended December 31, 2013.

In addition, result for the three month period ended March 31, 2014 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2014.

The Entity’s accounting policies, presentation and methods in this condensed interim financial information and financial risk management objectives and policies are consistent with those disclosed in the Entity’s annual audited financial statements for the year ended December 31, 2013.

This condensed interim financial information has been prepared on the historical cost basis, except for the revaluation of the financial instruments.

The preparation of this condensed interim financial information of the Entity requires the management to make judgments, 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 of the Entity, the significant judgments made by management in applying the Entity’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the Entity’s annual audited financial statements for the year ended December 31, 2013.

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

3 Significant accounting policies (continued)

3.2 Property, plant and equipment

The accounting policies in respect of property, plant and equipment are stated below as required by the Securities and Commodities Authority notification dated October 12, 2008.

Land is stated at cost.

Other property, plant and equipment are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise 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:

	<u>Years</u>
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

The 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 available for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for their intended use.

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

4 Property, plant and equipment

The cost, accumulated depreciation and carrying value are shown below:

	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, 2012	120,148,630	1,790,979,897	2,356,713	25,097,839	11,149,277	30,918,672	1,385,116	1,982,036,144
Addition during the year	-	16,800,273	44,217	4,500	89,771	-	147,995	17,086,756
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 period	-	-	14,117	75,500	6,782	-	742,940	839,339
Transferred from capital work-in-progress	-	147,908	-	-	-	-	(147,908)	-
As at March 31, 2014	120,148,630	1,807,928,078	2,415,047	25,177,839	11,245,830	30,918,672	2,128,143	1,999,962,239
Accumulated depreciation								
As at December 31, 2012	16,428,326	629,211,427	2,195,804	24,941,116	10,854,094	18,472,429	-	702,103,196
Charge for the year	3,247,555	44,339,619	88,011	111,325	166,503	778,873	-	48,731,886
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 period	811,890	11,138,644	19,365	23,508	35,377	194,718	-	12,223,502
As at March 31, 2014	20,487,771	684,689,690	2,303,180	25,075,949	11,055,974	19,446,020	-	763,058,584
Carrying value as at March 31, 2014	99,660,859	1,123,238,388	111,867	101,890	189,856	11,472,652	2,128,143	1,236,903,655
Carrying value as at December 31, 2013	100,472,749	1,134,229,124	117,115	49,898	218,451	11,667,370	1,533,111	1,248,287,818

Notes:

- Part of the Entity's property, plant and equipment is erected on land leased from the Government of Fujairah.
- Capital work-in-progress mainly represents the costs incurred for the additions to plant & machinery, pending capitalization.
- Property, plant and equipment having a carrying value of AED 139,277,159 (December 31, 2013: AED 140,353,813) are mortgaged to banks against finance lease liability (note 16).
- Property, plant and equipment includes cost of fully depreciated assets amounting to AED 36,729,652 (December 31, 2013: AED 36,729,652) which are still in use.

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Mar 31, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
5 Extraction and concession rights		
The carrying values are as follows:		
Extraction rights	6,858,001	7,481,461
Concession rights	9,350,000	9,900,000
	16,208,001	17,381,461
	Concession	
	rights	Total
Cost		
As at December 31, 2012	76,500,000	22,000,000
As at December 31, 2013	76,500,000	22,000,000
As at March 31, 2014	76,500,000	22,000,000
Accumulated amortisation		
As at December 31, 2012	66,524,711	9,900,000
Amortisation for the year	2,493,828	2,200,000
As at December 31, 2013	69,018,539	12,100,000
Amortisation for the period	623,460	550,000
As at March 31, 2014	69,641,999	12,650,000
Carrying value:		
As at March 31, 2014	6,858,001	9,350,000
As at December 31, 2013	7,481,461	9,900,000
<i>Extraction rights</i>		
Extraction rights are being amortized over the extraction rights period granted to the Entity and ending on December 31, 2016.		
<i>Concession rights</i>		
Concession rights are being amortised over a period of 10 years as estimated by the management.		
6 Inventories		
Raw materials	35,970,316	32,161,535
Semi-finished products	52,354,291	64,219,850
Finished products	319,491	2,032,209
	(a) 88,644,098	98,413,594
Spare parts	152,098,892	140,521,919
Burning media	93,349,395	72,836,354
Bags and packing materials	599,271	732,131
Less: Allowance for slow-moving spare parts	(20,250,000)	(20,000,000)
	(b) 225,797,558	194,090,404
	(a)+(b) 314,441,656	292,503,998
<i>Allowance for slow-moving inventories</i>		
Movement in allowance for slow-moving spare parts is as follows:		
Balance at the beginning of the period/year	20,000,000	19,000,000
Charge during the period/year	250,000	1,000,000
Balance at the end of the period/year	20,250,000	20,000,000

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Mar 31, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
7 Trade receivables		
Trade receivables	157,534,814	143,995,863
Less: Allowance for doubtful debts	(2,306,755)	(2,306,755)
	155,228,059	141,689,108
<i>Analysis of trade receivables:</i>		
Secured against unconditional bank guarantees	96,877,310	73,683,305
Open credit	58,350,749	68,005,803
	155,228,059	141,689,108
8 Advances, deposits and other receivables		
Prepayments	3,740,519	252,650
Advances to suppliers	9,309,758	8,018,129
Other receivables	353,579	118,492
	13,403,856	8,389,271
9 Cash and bank balances		
Cash in hand	210,771	65,352
Bank balances - current accounts	5,484,793	12,688,231
	5,695,564	12,753,583
Bank balances are maintained with banks registered in the United Arab Emirates.		
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
	Jan 01, 2014 to	Jan 01, 2013 to
	Mar 31, 2014	Mar 31, 2013
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
11 Basic earnings per share		
Profit for the period	(AED) 5,391,142	463,613
Weighted average number of shares	(Nos.) 355,865,320	355,865,320
Earnings per share for the period	(U.A.E. Fils) 1.51	0.13
12 Statutory reserve		

In accordance with United Arab Emirates Federal Commercial Companies Law No. 8 of 1984 (as amended), the Entity has established a statutory reserve by appropriation of 10% of the annual profit. 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 during the three month period ended March 31, 2014 as this will be based on the result for the financial year.

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

13 Voluntary reserve

Appropriation to the voluntary reserve account at 20% of the annual profit after deducting the appropriation to statutory reserve will be considered at the end of the financial year. This appropriation includes 10% to the voluntary reserve and the balance to establish an additional reserve as proposed by the Board of Directors and approved by the shareholders' general assembly. This reserve is distributable, when approved by a shareholders' resolution, based on the recommendation of the Board of Directors.

	Mar 31, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
14 Retained earnings		
Balance at the beginning of the period/year	204,708,584	216,898,609
Add: Profit/(loss) for the period/year	5,391,142	(12,190,025)
Balance at the end of the period/year	210,099,726	204,708,584

15 Bank borrowings**(a) Term loans**

Balance at the beginning of the period/year	258,637,841	303,922,784
Less: (Repaid) during the period/year	(21,213,900)	(45,284,943)
Balance at the end of the period/year	237,423,941	258,637,841

Comprising:

Non-current portion	197,853,284	217,638,613
Current portion	39,570,657	40,999,228
	237,423,941	258,637,841

Break-up of term loans

Term loan 1	237,423,941	257,209,270
Term loan 2	-	1,428,571
	237,423,941	258,637,841

Term loan 1

During 2006, the Entity obtained 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. Repayment of AED 336,350,584, as rescheduled during 2010, is in seventeen semi-annual installments of AED 19,785,328 commenced on February 15, 2012 and ending on February 15, 2020. Interest, accrued on monthly basis, is paid separately on the due dates.

(b) Due to bank

Bank overdrafts	144,614	-
Trust receipts	150,405,704	178,402,693
Bills discounted	8,648,157	13,827,523
Acceptances	80,943,216	65,380,835
	240,141,691	257,611,051

Trust receipts

Trust receipts are a form of bank credit facility granted against the purchase of certain raw materials.

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.

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Mar 31, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
15 Bank borrowings (continued)		
Bank borrowings - non-current portion		
Non-current portion of term loans are to be repaid as follows:		
In the second year	39,570,657	39,570,657
In the third to fifth year	118,711,970	118,711,970
Payable after five years	39,570,657	59,355,986
Term loans (refer a)	<u>197,853,284</u>	<u>217,638,613</u>
Bank borrowings - current portion		
Term loans (refer a)	39,570,657	40,999,228
Due to bank (refer b)	240,141,691	257,611,051
	<u>279,712,348</u>	<u>298,610,279</u>
Total bank borrowings	<u>477,565,632</u>	<u>516,248,892</u>

16 Finance lease liability

The Entity entered into a sale and lease back arrangement with a bank operating in the United Arab Emirates to finance the thermal power plant. Lease term is 5 ½ years with semi-annual payments of AED 13,702,860 commenced on August 1, 2012 and ending on August 1, 2017. Finance charge, based on 6 months EIBOR plus margin of 4.5% per annum, accrued on monthly basis, is paid separately on due dates.

The payments due under leasing arrangements are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Due within one year	<u>34,336,810</u>	35,412,575	<u>27,405,720</u>	27,405,720
Due in the second year through fifth year	<u>76,503,616</u>	93,433,774	<u>68,514,301</u>	82,217,161
Non-current liability	<u>76,503,616</u>	93,433,774	<u>68,514,301</u>	82,217,161
Total	<u>110,840,426</u>	128,846,349	<u>95,920,021</u>	109,622,881
Less: Future finance costs	<u>(14,920,405)</u>	(19,223,468)	-	-
	<u>95,920,021</u>	<u>109,622,881</u>	<u>95,920,021</u>	<u>109,622,881</u>

	Mar 31, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	109,622,881	137,028,601
Less: Repaid during the period/year	<u>(13,702,860)</u>	<u>(27,405,720)</u>
Balance at the end of the period/year	<u>95,920,021</u>	<u>109,622,881</u>
<i>Classified in the statement of financial position as:</i>		
Non-current liability	68,514,301	82,217,161
Current liability	<u>27,405,720</u>	<u>27,405,720</u>
	<u>95,920,021</u>	<u>109,622,881</u>

Finance lease liability is secured by mortgage over property, plant and equipment (note 4).

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Mar 31, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
17 Employees' end of service benefits		
Balance at the beginning of the period/year	12,535,899	11,840,362
Add: Charge for the period/year	838,307	1,513,378
Less: Paid during the period/year	(169,204)	(817,841)
Balance at the end of the period/year	13,205,002	12,535,899
18 Trade and other payables		
Trade payable	155,147,887	107,961,202
Retention payable	1,414,911	1,914,911
Dividends payable	4,308,527	4,458,991
Advance received from customers	24,896,901	7,336,129
Accruals	31,145,146	27,597,275
Interest payable	2,410,971	5,870,682
Other payables	4,866,234	1,849,960
	224,190,577	156,989,150
	Jan 01, 2014 to	Jan 01, 2013 to
	Mar 31, 2014	Mar 31, 2013
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
19 Sales		
Sales : Within U.A.E.	62,893,782	55,761,384
: Outside U.A.E. : GCC	89,337,596	74,431,047
	152,231,378	130,192,431

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.

Management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

	Mar 31, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
a) Balances due from related parties (included in trade receivables)	2,366,140	1,846,478

b) Transactions with related parties

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

	Jan 01, 2014 to	Jan 01, 2013 to
	Mar 31, 2014	Mar 31, 2013
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
Sales	1,413,038	1,631,263

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2014 (Unaudited)

(In Arab Emirates Dirhams)

20 Related party transactions (continued)**c) Key management personnel compensation**

The compensation of key management personnel is as follows:

	<u>Jan 01, 2014 to</u> <u>Mar 31, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2013 to</u> <u>Mar 31, 2013</u> <u>(3 months)</u> <u>(Unaudited)</u>
Key management remuneration	<u>424,250</u>	<u>492,548</u>

21 Seasonality of results

No income of seasonal nature was recorded in the condensed interim statement of income for the three month periods ended March 31, 2014 and 2013.

22 Contingent liabilities

	<u>Mar 31, 2014</u> <u>(Unaudited)</u>	<u>Dec 31, 2013</u> <u>(Audited)</u>
Letters of credit	<u>2,238,002</u>	<u>81,045</u>

23 Capital commitments

	<u>Mar 31, 2014</u> <u>(Unaudited)</u>	<u>Dec 31, 2013</u> <u>(Audited)</u>
Commitments for the purchase of property, plant and equipment	<u>128,057,322</u>	<u>5,676,864</u>

24 Comparative amounts

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.