

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

**Independent auditors' review report and condensed
interim financial information
For the six month period ended June 30, 2014**

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Independent auditors' review report and condensed interim financial information
For the six month period ended June 30, 2014 (Unaudited)

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Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

General information

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

Ref: JM/AR/F-14/052

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 June 30, 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 six 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 June 30, 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

August 13, 2014



Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of financial position as at June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Notes	Jun 30, 2014 (Unaudited)	Dec 31, 2013 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	3	1,240,698,219	1,248,287,818
Extraction and concession rights	4	15,034,545	17,381,461
<i>Total non-current assets</i>		<u>1,255,732,764</u>	<u>1,265,669,279</u>
<i>Current assets</i>			
Inventories	5	315,552,125	292,503,998
Trade receivables	6	158,880,869	141,689,108
Advances, deposits and other receivables	7	24,875,936	8,389,271
Cash and bank balances	8	18,395,566	12,753,583
<i>Total current assets</i>		<u>517,704,496</u>	<u>455,335,960</u>
Total assets		<u>1,773,437,260</u>	<u>1,721,005,239</u>
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	9	355,865,320	355,865,320
Statutory reserve	11	142,498,511	142,498,511
Voluntary reserve	12	222,536,002	222,536,002
Retained earnings	13	216,244,265	204,708,584
<i>Total shareholders' equity</i>		<u>937,144,098</u>	<u>925,608,417</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	14	206,653,284	217,638,613
Finance lease liability	15	68,514,301	82,217,161
Employees' end of service benefits	16	13,750,413	12,535,899
<i>Total non-current liabilities</i>		<u>288,917,998</u>	<u>312,391,673</u>
<i>Current liabilities</i>			
Trade and other payables	17	245,780,155	156,989,150
Bank borrowings	14	274,189,289	298,610,279
Finance lease liability	15	27,405,720	27,405,720
<i>Total current liabilities</i>		<u>547,375,164</u>	<u>483,005,149</u>
Total liabilities		<u>836,293,162</u>	<u>795,396,822</u>
Total shareholders' equity and liabilities		<u>1,773,437,260</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 August 13, 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 six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Notes	Apr 01, 2014 to Jun 30, 2014 (3 months) (Unaudited)	Apr 01, 2013 to Jun 30, 2013 (3 months) (Unaudited)	Jan 01, 2014 to Jun 30, 2014 (6 months) (Unaudited)	Jan 01, 2013 to Jun 30, 2013 (6 months) (Unaudited)
Sales	18	145,799,150	156,970,945	298,030,528	287,163,376
Cost of sales		(132,591,882)	(153,075,544)	(271,680,778)	(274,635,333)
Gross profit		13,207,268	3,895,401	26,349,750	12,528,043
Selling and distribution expenses		(513,691)	(407,194)	(1,145,737)	(869,457)
General and administrative expenses		(2,649,858)	(3,158,331)	(5,171,314)	(5,925,266)
Amortization of extraction and concession rights	4	(1,173,456)	(1,173,456)	(2,346,916)	(2,346,916)
Finance costs		(3,322,889)	(3,556,640)	(6,782,142)	(7,481,444)
Other income		597,165	380,304	632,040	538,737
Profit/(loss) for the period		6,144,539	(4,019,916)	11,535,681	(3,556,303)
Basic earnings per share (U.A.E. Fils)	10	1.7	(1.1)	3.2	(1.0)

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 August 13, 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 six month period ended June 30, 2014 (Unaudited)


(In Arab Emirates Dirhams)

	<u>Apr 01, 2014 to</u> <u>Jun 30, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Apr 01, 2013 to</u> <u>Jun 30, 2013</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Jun 30, 2014</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2013 to</u> <u>Jun 30, 2013</u> <u>(6 months)</u> <u>(Unaudited)</u>
Profit/(loss) for the period	6,144,539	(4,019,916)	11,535,681	(3,556,303)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	6,144,539	(4,019,916)	11,535,681	(3,556,303)

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

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The condensed interim financial information on pages 3 to 16 were approved by the Board of Directors on August 13, 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 six month period ended June 30, 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
(Loss) for the period	-	-	-	(3,556,303)	(3,556,303)
Balance as at June 30, 2013 (Unaudited)	<u>355,865,320</u>	<u>142,498,511</u>	<u>222,536,002</u>	<u>213,342,306</u>	<u>934,242,139</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	-	-	-	11,535,681	11,535,681
Balance as at June 30, 2014 (Unaudited)	<u>355,865,320</u>	<u>142,498,511</u>	<u>222,536,002</u>	<u>216,244,265</u>	<u>937,144,098</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 six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Jan 01, 2014 to Jun 30, 2014 (6 months) (Unaudited)	Jan 01, 2013 to Jun 30, 2013 (6 months) (Unaudited)
Cash flows from operating activities		
Profit/(loss) for the period	11,535,681	(3,556,303)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	24,568,180	24,303,632
Allowance for slow-moving spare parts	500,000	500,000
Amortization of extraction and concession rights	2,346,916	2,346,916
Provision for employees' end of service benefits	1,467,480	1,022,516
Operating profit before changes in operating assets and liabilities	40,418,257	24,616,761
<i>(Increase) / decrease in current assets</i>		
Inventories	(23,548,127)	51,794,186
Trade receivables	(17,191,761)	(30,882,412)
Advances, deposits and other receivables	(16,486,665)	(12,236,242)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	88,948,329	(4,451,500)
Cash generated from operations	72,140,033	28,840,793
Employees' end-of-service benefits paid	(252,966)	(488,542)
Net cash from operating activities	71,887,067	28,352,251
Cash flows from investing activities		
Acquisition of property, plant and equipment	(16,978,581)	(13,064,842)
Net cash (used in) investing activities	(16,978,581)	(13,064,842)
Cash flows from financing activities		
Proceeds from term loan	8,800,000	-
(Repayment) of term loans	(21,213,900)	(22,642,472)
(Repayment)/proceeds of bank borrowings, net	(22,992,419)	22,010,316
(Repayment) of finance lease liability	(13,702,860)	(13,702,860)
Dividends paid	(157,324)	(6,583)
Net cash (used in) financing activities	(49,266,503)	(14,341,599)
Net increase in cash and cash equivalents	5,641,983	945,810
Cash and cash equivalents, beginning of the period	12,753,583	18,451,836
Cash and cash equivalents, end of the period	18,395,566	19,397,646
Represented by:		
Cash in hand	87,398	175,327
Bank balances - current accounts	9,308,168	19,222,319
Short-term fixed deposit	9,000,000	-
	18,395,566	19,397,646

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 six month period ended June 30, 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 Significant accounting policies

2.1 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 six month period ended June 30, 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 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 of the Entity, the significant judgements 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 six month period ended June 30, 2014 (Unaudited)

2 Significant accounting policies (continued)

2.2 Property, plant and equipment

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 six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

3 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, 2012 (Audited)	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 (Audited)	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	-	11,861,702	30,527	160,400	114,282	-	4,811,670	16,978,581
Transferred from capital work-in-progress	-	147,907	-	-	-	-	(147,907)	-
As at June 30, 2014 (Unaudited)	120,148,630	1,819,789,779	2,431,457	25,262,739	11,353,330	30,918,672	6,196,874	2,016,101,481
Accumulated depreciation								
As at December 31, 2012 (Audited)	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 (Audited)	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	1,623,778	22,392,227	39,846	44,617	78,275	389,437	-	24,568,180
As at June 30, 2014 (Unaudited)	21,299,659	695,943,273	2,323,661	25,097,058	11,098,872	19,640,739	-	775,403,262
Carrying value as at June 30, 2014 (Unaudited)	98,848,971	1,123,846,506	107,796	165,681	254,458	11,277,933	6,196,874	1,240,698,219
Carrying value as at December 31, 2013 (Audited)	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 138,200,506 (December 31, 2013: AED 140,353,813) are mortgaged to banks against finance lease liability (note 15).
- Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period, amounted to AED 36,964,552 (December 31, 2013: AED 36,729,652).

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
4 Extraction and concession rights		
The carrying values are as follows:		
Extraction rights	6,234,545	7,481,461
Concession rights	8,800,000	9,900,000
	15,034,545	17,381,461
	Concession	
	Extraction rights	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 June 30, 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	1,246,916	1,100,000
As at June 30, 2014	70,265,455	13,200,000
Carrying value		
As at June 30, 2014	6,234,545	8,800,000
As at December 31, 2013	7,481,461	9,900,000
	Jun 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
5 Inventories		
Raw materials	37,484,813	32,161,535
Semi-finished products	69,600,790	64,219,850
Finished products	3,192,770	2,032,209
	(a) 110,278,373	98,413,594
Spare parts	139,733,823	140,521,919
Less: Allowance for slow-moving spare parts	(20,500,000)	(20,000,000)
Net spare parts	119,233,823	120,521,919
Burning media	85,420,560	72,836,354
Bags and packing materials	619,369	732,131
	(b) 205,273,752	194,090,404
	(a)+(b) 315,552,125	292,503,998
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	500,000	1,000,000
Balance at the end of the period/year	20,500,000	20,000,000

Fujairah Cement Industries Company P.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
6 Trade receivables		
Trade receivables	161,187,624	143,995,863
Less: Allowance for doubtful debts	(2,306,755)	(2,306,755)
	158,880,869	141,689,108
<i>Analysis of trade receivables:</i>		
Secured against unconditional bank guarantees	84,523,071	73,683,305
Open credit	74,357,798	68,005,803
	158,880,869	141,689,108
7 Advances, deposits and other receivables		
Prepayments	12,079,139	252,650
Advances to suppliers	12,326,405	8,018,129
Other receivables	470,392	118,492
	24,875,936	8,389,271
8 Cash and bank balances		
Cash in hand	87,398	65,352
Bank balances - current accounts	9,308,168	12,688,231
Short-term fixed deposit	9,000,000	-
	18,395,566	12,753,583

Maturity date of short-term fixed deposit is less than one month from the date of placement.

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

9 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

	Apr 01, 2014 to	Apr 01, 2013 to	Jan 01, 2014 to	Jan 01, 2013 to
	Jun 30, 2014	Jun 30, 2013	Jun 30, 2014	Jun 30, 2013
	(3 months)	(3 months)	(6 months)	(6 months)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
10 Basic earnings per share				
Profit/(loss) for the period	(AED) 6,144,539	(4,019,916)	11,535,681	(3,556,303)
Weighted average number of shares	(Nos.) 355,865,320	355,865,320	355,865,320	355,865,320
Earnings per share for the period	(U.A.E. Fils) 1.7	(1.1)	3.2	(1.0)

11 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 six month period ended June 30, 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 six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

12 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.

	Jun 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
13 Retained earnings		
Balance at the beginning of the period/year	204,708,584	216,898,609
Add: Profit/(loss) for the period/year	11,535,681	(12,190,025)
Balance at the end of the period/year	216,244,265	204,708,584

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

Balance at the beginning of the period/year	258,637,841	303,922,784
Add: Received during the period/year	8,800,000	-
Less: (Repaid) during the period/year	(21,213,900)	(45,284,943)
Balance at the end of the period/year	246,223,941	258,637,841

Comprising:

Non-current portion	206,653,284	217,638,613
Current portion	39,570,657	40,999,228
	246,223,941	258,637,841

Break-up of term loans

Term loan 1	237,423,941	257,209,270
Term loan 2	-	1,428,571
Term loan 3	8,800,000	-
	246,223,941	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.

Term loan 2

The loan obtained during 2010 was settled in full during this period.

Term loan 3

During 2014, the Entity was sanctioned a loan from a bank operating in United Arab Emirates for AED 123,400,000 to finance the Waste Heat Recovery based captive power plant expansion project. Repayment of the loan is in twenty eight equal quarterly installments of AED 4,407,143 commencing from November 2016 and ending in October 2023. Interest, accrued on quarterly basis is paid separately on the due dates.

(b) Due to bank

Trust receipts	139,222,587	178,402,693
Bills discounted	24,536,036	13,827,523
Acceptances	70,860,009	65,380,835
	234,618,632	257,611,051

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Notes to the condensed interim financial information

For the six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Jun 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
14 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	48,370,657	59,355,986
Term loans (refer a)	<u>206,653,284</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)	234,618,632	257,611,051
	<u>274,189,289</u>	<u>298,610,279</u>
Total bank borrowings	<u>480,842,573</u>	<u>516,248,892</u>

15 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 5½ 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	
	Jun 30, 2014	Dec 31, 2013	Jun 30, 2014	Dec 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>	109,622,881	<u>95,920,021</u>	109,622,881

Movement in finance lease liability is as follows:

	Jun 30, 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>Comprising:</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 3).

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(In Arab Emirates Dirhams)

	<u>Jun 30, 2014</u>		<u>Dec 31, 2013</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
16 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	1,467,480		1,513,378
Less: Paid during the period/year	(252,966)		(817,841)
Balance at the end of the period/year	<u>13,750,413</u>		<u>12,535,899</u>
17 Trade and other payables			
Trade payable	179,533,869		107,961,202
Retention payable	1,414,911		1,914,911
Dividends payable	4,301,667		4,458,991
Advance received from customers	22,883,955		7,336,129
Accruals	29,538,650		27,597,275
Interest payable	4,751,566		5,870,682
Other payables	3,355,537		1,849,960
	<u>245,780,155</u>		<u>156,989,150</u>
	<u>Apr 01, 2014 to</u>	<u>Apr 01, 2013 to</u>	<u>Jan 01, 2014 to</u>
	<u>Jun 30, 2014</u>	<u>Jun 30, 2013</u>	<u>Jun 30, 2014</u>
	<u>(3 months)</u>	<u>(3 months)</u>	<u>(6 months)</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
18 Sales			
Sales : Within U.A.E.	63,762,053	53,456,101	126,655,835
: Outside U.A.E. : GCC	82,037,097	103,514,844	171,374,693
	<u>145,799,150</u>	<u>156,970,945</u>	<u>298,030,528</u>
			<u>287,163,376</u>

19 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.

	<u>Jun 30, 2014</u>		<u>Dec 31, 2013</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
a) Balances due from related parties (included in trade receivables)	<u>2,202,755</u>		<u>1,846,478</u>

b) Transactions with related parties

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

	<u>Apr 01, 2014 to</u>	<u>Apr 01, 2013 to</u>	<u>Jan 01, 2014 to</u>	<u>Jan 01, 2013 to</u>
	<u>Jun 30, 2014</u>	<u>Jun 30, 2013</u>	<u>Jun 30, 2014</u>	<u>Jun 30, 2013</u>
	<u>(3 months)</u>	<u>(3 months)</u>	<u>(6 months)</u>	<u>(6 months)</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Sales	<u>1,380,384</u>	<u>2,910,225</u>	<u>2,793,422</u>	<u>2,910,225</u>

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Notes to the condensed interim financial information

For the six month period ended June 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

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

The compensation of key management personnel is as follows:

	<u>Apr 01, 2014 to</u> <u>Jun 30, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Apr 01, 2013 to</u> <u>Jun 30, 2013</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Jun 30, 2014</u> <u>(6 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2013 to</u> <u>Jun 30, 2013</u> <u>(6 months)</u> <u>(Unaudited)</u>
Key management remuneration	581,700	244,349	1,005,950	785,020

20 Seasonality of results

No income of seasonal nature was recorded in the condensed interim statement of profit and loss for the six month periods ended June 30, 2014 and 2013.

21 Contingent liabilities

	<u>Jun 30, 2014</u> <u>(Unaudited)</u>	<u>Dec 31, 2013</u> <u>(Audited)</u>
Letters of credit	-	81,045

22 Commitments

	<u>Jun 30, 2014</u> <u>(Unaudited)</u>	<u>Dec 31, 2013</u> <u>(Audited)</u>
Commitments for the purchase of property, plant and equipment	116,937,332	5,676,864

23 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.