

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

**Independent auditors' review report and condensed
interim financial information**

For the nine month period ended September 30, 2014

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

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

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Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

General information

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Website : www.fujairahcement.com

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

Ref: JM/AR/F-14/075

Independent auditors' report on review of condensed interim financial information

To,

The Board of Directors

Fujairah Cement Industries P.J.S.C.

P. O. Box: 600

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, 2014, and 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.

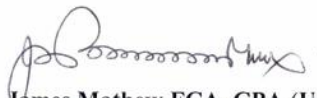
Scope of Review

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 as at September 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

November 6, 2014



Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

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

(In Arab Emirates Dirhams)


	Notes	Sep 30, 2014 (Unaudited)	Dec 31, 2013 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	3	1,232,470,108	1,248,287,818
Extraction and concession rights	4	13,861,089	17,381,461
<i>Total non-current assets</i>		<u>1,246,331,197</u>	<u>1,265,669,279</u>
<i>Current assets</i>			
Inventories	5	338,299,822	292,503,998
Trade receivables	6	152,952,855	141,689,108
Advances, deposits and other receivables	7	18,576,937	8,389,271
Cash and bank balances	8	17,105,404	12,753,583
<i>Total current assets</i>		<u>526,935,018</u>	<u>455,335,960</u>
Total assets		<u><u>1,773,266,215</u></u>	<u><u>1,721,005,239</u></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	221,775,575	204,708,584
<i>Total shareholders' equity</i>		<u>942,675,408</u>	<u>925,608,417</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	14	274,621,183	217,638,613
Finance lease liability	15	54,811,441	82,217,161
Employees' end of service benefits	16	13,870,366	12,535,899
<i>Total non-current liabilities</i>		<u>343,302,990</u>	<u>312,391,673</u>
<i>Current liabilities</i>			
Trade and other payables	17	211,763,463	156,989,150
Bank borrowings	14	248,118,634	298,610,279
Finance lease liability	15	27,405,720	27,405,720
<i>Total current liabilities</i>		<u>487,287,817</u>	<u>483,005,149</u>
<i>Total liabilities</i>		<u>830,590,807</u>	<u>795,396,822</u>
Total shareholders' equity and liabilities		<u><u>1,773,266,215</u></u>	<u><u>1,721,005,239</u></u>

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

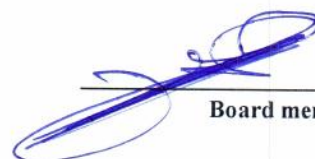
The review report of the auditors is set out on page 2.

The condensed interim financial information on pages 3 to 16 were approved by the Board of Directors on November 6, 2014 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, 2014 (Unaudited)

(In Arab Emirates Dirhams)

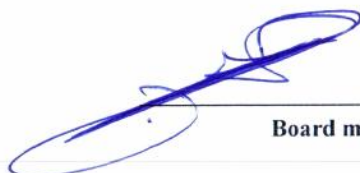
	Notes	Jul 01, 2014 to Sep 30, 2014 (3 months) (Unaudited)	Jul 01, 2013 to Sep 30, 2013 (3 months) (Unaudited)	Jan 01, 2014 to Sep 30, 2014 (9 months) (Unaudited)	Jan 01, 2013 to Sep 30, 2013 (9 months) (Unaudited)
Sales	18	149,367,701	156,883,480	447,398,229	444,046,856
Cost of sales		(136,182,378)	(154,655,642)	(407,863,156)	(429,290,975)
Gross profit		13,185,323	2,227,838	39,535,073	14,755,881
Selling and distribution expenses		(491,109)	(415,099)	(1,636,846)	(1,284,556)
General and administrative expenses		(2,418,930)	(3,300,896)	(7,590,244)	(9,226,162)
Amortization of extraction and concession rights	4	(1,173,456)	(1,173,456)	(3,520,372)	(3,520,372)
Finance costs		(3,869,957)	(3,427,536)	(10,652,099)	(10,908,980)
Other income		299,439	188,103	931,479	726,840
Profit/(loss) for the period		5,531,310	(5,901,046)	17,066,991	(9,457,349)
Basic earnings per share (U.A.E. Fils)	10	1.6	(1.7)	4.8	(2.7)

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 November 6, 2014 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, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Jul 01, 2014 to Sep 30, 2014 (3 months) (Unaudited)	Jul 01, 2013 to Sep 30, 2013 (3 months) (Unaudited)	Jan 01, 2014 to Sep 30, 2014 (9 months) (Unaudited)	Jan 01, 2013 to Sep 30, 2013 (9 months) (Unaudited)
Profit/(loss) for the period	5,531,310	(5,901,046)	17,066,991	(9,457,349)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the period	5,531,310	(5,901,046)	17,066,991	(9,457,349)


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 November 6, 2014 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, 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	-	-	-	(9,457,349)	(9,457,349)
Balance as at September 30, 2013 (Unaudited)	<u>355,865,320</u>	<u>142,498,511</u>	<u>222,536,002</u>	<u>207,441,260</u>	<u>928,341,093</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	-	-	-	17,066,991	17,066,991
Balance as at September 30, 2014 (Unaudited)	<u>355,865,320</u>	<u>142,498,511</u>	<u>222,536,002</u>	<u>221,775,575</u>	<u>942,675,408</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 P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of cash flows

For the nine month period ended September 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Jan 01, 2014 to Sep 30, 2014 (9 months) (Unaudited)	Jan 01, 2013 to Sep 30, 2013 (9 months) (Unaudited)
Cash flows from operating activities		
Profit/(loss) for the period	17,066,991	(9,457,349)
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	36,938,754	36,510,022
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	1,867,428	1,262,946
Operating profit before changes in operating assets and liabilities	60,143,545	32,585,991
<i>(Increase)/decrease in current assets</i>		
Inventories	(46,545,824)	55,581,264
Trade receivables	(11,263,747)	(34,036,376)
Advances, deposits and other receivables	(10,187,666)	(9,624,506)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	54,938,369	(21,216,197)
Cash generated from operations	47,084,677	23,290,176
Employees' end-of-service benefits paid	(532,961)	(546,192)
Net cash from operating activities	46,551,716	22,743,984
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21,121,044)	(15,347,820)
Net cash (used in) investing activities	(21,121,044)	(15,347,820)
Cash flows from financing activities		
Proceeds from term loan	113,219,893	-
(Repayment) of term loans	(40,999,228)	(43,856,371)
(Repayment)/proceeds of other bank borrowings, net	(65,729,740)	61,761,773
(Repayment) of finance lease liability	(27,405,720)	(27,405,720)
Dividends paid	(164,056)	(9,716)
Net cash (used in) financing activities	(21,078,851)	(9,510,034)
Net increase/(decrease) in cash and cash equivalents	4,351,821	(2,113,870)
Cash and cash equivalents, beginning of the period	12,753,583	18,451,836
Cash and cash equivalents, end of the period	17,105,404	16,337,966
Represented by:		
Cash in hand	215,343	279,857
Bank balances - current accounts	16,890,061	6,875,609
Short-term fixed deposit	-	9,182,500
	17,105,404	16,337,966

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, 2014 (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 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 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 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 audited financial statements for the year ended December 31, 2013.

In addition, result for the nine month period ended September 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 methods, financial risk management objectives and policies in this condensed interim financial information 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 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 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 P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 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 P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the nine month period ended September 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	-	12,192,297	52,765	160,400	178,479	-	8,537,103	21,121,044
Transferred from capital work-in-progress	-	2,843,017	-	-	-	-	(2,843,017)	-
As at September 30, 2014 (Unaudited)	120,148,630	1,822,815,484	2,453,695	25,262,739	11,417,527	30,918,672	7,227,197	2,020,243,944
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	2,435,668	33,683,882	55,970	60,071	119,008	584,155	-	36,938,754
As at September 30, 2014 (Unaudited)	22,111,549	707,234,928	2,339,785	25,112,512	11,139,605	19,835,457	-	787,773,836
Carrying value								
As at September 30, 2014 (Unaudited)	98,037,081	1,115,580,556	113,910	150,227	277,922	11,083,215	7,227,197	1,232,470,108
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 obtained on lease 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 137,123,853 (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 37,271,706 (December 31, 2013: AED 36,729,652).
- Insurance policies covering movable assets are assigned in favour of a bank for a term loan (note 14).
- Insurance policy covering the Waste Heat Recovery based captive power plant expansion project, under capital work-in-progress, is assigned and a registered chattel mortgage over the project is provided in favour of the bank (note 14).

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, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Sep 30, 2014 (Unaudited)	Dec 31, 2013 (Audited)
4 Extraction and concession rights		
The carrying values are as follows:		
Extraction rights	5,611,089	7,481,461
Concession rights	8,250,000	9,900,000
	13,861,089	17,381,461
	Extraction rights	Concession rights
Cost		Total
As at December 31, 2012 (Audited)	76,500,000	98,500,000
As at December 31, 2013 (Audited)	76,500,000	98,500,000
As at September 30, 2014 (Unaudited)	76,500,000	98,500,000
Accumulated amortisation		
As at December 31, 2012 (Audited)	66,524,711	76,424,711
Amortisation for the year	2,493,828	4,693,828
As at December 31, 2013 (Audited)	69,018,539	81,118,539
Amortisation for the period	1,870,372	3,520,372
As at September 30, 2014 (Unaudited)	70,888,911	84,638,911
Carrying value		
As at September 30, 2014 (Unaudited)	5,611,089	13,861,089
As at December 31, 2013 (Audited)	7,481,461	17,381,461
	Sep 30, 2014 (Unaudited)	Dec 31, 2013 (Audited)
5 Inventories		
Raw materials	38,433,488	32,161,535
Semi-finished products	74,773,579	64,219,850
Finished products	2,320,137	2,032,209
(a)	115,527,204	98,413,594
Spare parts	140,490,474	140,521,919
Less: Allowance for slow-moving spare parts	(20,750,000)	(20,000,000)
Net spare parts	119,740,474	120,521,919
Burning media	102,388,824	72,836,354
Bags and packing materials	643,320	732,131
(b)	222,772,618	194,090,404
(a)+(b)	338,299,822	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	750,000	1,000,000
Balance at the end of the period/year	20,750,000	20,000,000

Insurance policies covering inventories are assigned in favour of a bank for a term loan (note 14).

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, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Sep 30, 2014 (Unaudited)	Dec 31, 2013 (Audited)
6 Trade receivables		
Trade receivables	155,259,610	143,995,863
Less: Allowance for doubtful debts	(2,306,755)	(2,306,755)
	<u>152,952,855</u>	<u>141,689,108</u>
<i>Analysis of trade receivables:</i>		
Secured against unconditional bank guarantees	100,289,320	73,683,305
Open credit	52,663,535	68,005,803
	<u>152,952,855</u>	<u>141,689,108</u>
7 Advances, deposits and other receivables		
Prepayments	6,239,118	252,650
Advances to suppliers	12,078,562	8,018,129
Other receivables	259,257	118,492
	<u>18,576,937</u>	<u>8,389,271</u>
8 Cash and bank balances		
Cash in hand	215,343	65,352
Bank balances - current accounts	16,890,061	12,688,231
	<u>17,105,404</u>	<u>12,753,583</u>

Bank balances 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)	<u>355,865,320</u>	<u>355,865,320</u>

	Jul 01, 2014 to Sep 30, 2014 (3 months) (Unaudited)	Jul 01, 2013 to Sep 30, 2013 (3 months) (Unaudited)	Jan 01, 2014 to Sep 30, 2014 (9 months) (Unaudited)	Jan 01, 2013 to Sep 30, 2013 (9 months) (Unaudited)
10 Basic earnings per share				
Profit/(loss) for the period	(AED) <u>5,531,310</u>	(5,901,046)	<u>17,066,991</u>	(9,457,349)
Weighted average number of shares	(Nos.) <u>355,865,320</u>	355,865,320	<u>355,865,320</u>	355,865,320
Earnings per share for the period	(U.A.E. Fils) <u>1.6</u>	(1.7)	<u>4.8</u>	(2.7)

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 nine month period ended September 30, 2014 as this will be based on the result for the financial year.

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, 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.

	Sep 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	17,066,991	(12,190,025)
Balance at the end of the period/year	221,775,575	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	113,219,893	-
Less: (Repaid) during the period/year	(40,999,228)	(45,284,943)
Balance at the end of the period/year	330,858,506	258,637,841
<i>Comprising:</i>		
Non-current portion	274,621,183	217,638,613
Current portion	56,237,323	40,999,228
	330,858,506	258,637,841
<i>Break-up of term loans</i>		
Term loan 1	217,638,613	257,209,270
Term loan 2	-	1,428,571
Term loan 3	13,219,893	-
Term loan 4	100,000,000	-
	330,858,506	258,637,841

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

Term loan 2

The loan sanctioned 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 the 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. Insurance policy covering the project is assigned and registered chattel mortgage over the project is provided in favour of the bank (note 3).

Term loan 4

During 2014, the Entity was sanctioned a 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 12 equal half yearly installments commencing from March 2015 and ending in September 2020. Interest, accrued on quarterly basis, is paid separately on the due dates. Insurance policies covering moveable assets (note 3) and inventories (note 5) are assigned in favour the bank.

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Notes to the condensed interim financial information

For the nine month period ended September 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Sep 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
14 Bank borrowings (continued)		
(b) Due to bank		
Trust receipts	75,561,205	178,402,693
Bills discounted	25,803,123	13,827,523
Acceptances	90,516,983	65,380,835
	191,881,311	257,611,051
Bank borrowings - non-current portion		
Non-current portion of term loans are to be repaid as follows:		
In the second year	56,237,323	39,570,657
In the third to fifth year	168,711,970	118,711,970
Payable after five years	49,671,890	59,355,986
Term loans (refer a)	274,621,183	217,638,613
Bank borrowings - current portion		
Term loans (refer a)	56,237,323	40,999,228
Due to bank (refer b)	191,881,311	257,611,051
	248,118,634	298,610,279
Total bank borrowings	522,739,817	516,248,892

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 equal semi-annual payments of AED 13,702,860 commenced in August 2012 and ending in August 2017. Finance charge, based on 6 months EIBOR plus margin of 4.5% per annum, accrued on monthly basis, is paid separately on the due dates.

The payments due under leasing arrangements are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	Sep 30, 2014	Dec 31, 2013	Sep 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Due within one year	33,278,583	35,412,575	27,405,720	27,405,720
Due in the second year and later	60,155,190	93,433,774	54,811,441	82,217,161
Non-current liability	60,155,190	93,433,774	54,811,441	82,217,161
Total	93,433,773	128,846,349	82,217,161	109,622,881
Less: Future finance costs	(11,216,612)	(19,223,468)	-	-
	82,217,161	109,622,881	82,217,161	109,622,881

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Notes to the condensed interim financial information

For the nine month period ended September 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

	Sep 30, 2014 (Unaudited)	Dec 31, 2013 (Audited)		
15 Finance lease liability (continued)				
Movement in finance lease liability is as follows:				
Balance at the beginning of the period/year	109,622,881	137,028,601		
Less: Repaid during the period/year	(27,405,720)	(27,405,720)		
Balance at the end of the period/year	82,217,161	109,622,881		
Comprising:				
Non-current liability	54,811,441	82,217,161		
Current liability	27,405,720	27,405,720		
	82,217,161	109,622,881		
Finance lease liability is secured by mortgage over certain property, plant and equipment (note 3).				
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	1,867,428	1,513,378		
Less: Paid during the period/year	(532,961)	(817,841)		
Balance at the end of the period/year	13,870,366	12,535,899		
17 Trade and other payables				
Trade payable	170,013,398	107,961,202		
Retention payable	303,838	1,914,911		
Dividends payable	4,294,935	4,458,991		
Advance received from customers	2,077,960	7,336,129		
Accruals	30,492,108	27,597,275		
Interest payable	1,986,060	5,870,682		
Other payables	2,595,164	1,849,960		
	211,763,463	156,989,150		
	Jul 01, 2014 to Sep 30, 2014 (3 months) (Unaudited)	Jul 01, 2013 to Sep 30, 2013 (3 months) (Unaudited)	Jan 01, 2014 to Sep 30, 2014 (9 months) (Unaudited)	Jan 01, 2013 to Sep 30, 2013 (9 months) (Unaudited)
18 Sales				
Sales : Within U.A.E.	65,824,472	51,747,881	192,480,307	160,965,366
: Outside U.A.E. : GCC	83,543,229	105,135,599	254,917,922	283,081,490
	149,367,701	156,883,480	447,398,229	444,046,856

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Notes to the condensed interim financial information

For the nine month period ended September 30, 2014 (Unaudited)

(In Arab Emirates Dirhams)

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.

	Sep 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
a) Balances due from related parties (included in trade receivables)	1,840,579	1,846,478

b) Transactions with related parties

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

	Jul 01, 2014 to	Jul 01, 2013 to	Jan 01, 2014 to	Jan 01, 2013 to
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
	(3 months)	(3 months)	(9 months)	(9 months)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	1,183,487	937,025	3,976,909	3,847,250

c) Key management personnel compensation

The compensation of key management personnel is as follows:

	Jul 01, 2014 to	Jul 01, 2013 to	Jan 01, 2014 to	Jan 01, 2013 to
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
	(3 months)	(3 months)	(9 months)	(9 months)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Key management remuneration	523,905	362,337	1,529,855	1,147,357

20 Seasonality of results

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

21 Contingent liabilities

	Sep 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
Letters of credit	-	81,045

22 Commitments

	Sep 30, 2014	Dec 31, 2013
	(Unaudited)	(Audited)
Commitments for the purchase of property, plant and equipment	132,646,560	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.