

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

**Independent auditors' review report and condensed
interim financial information
For the three month period ended March 31, 2015**

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

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Fujairah Cement Industries P.J.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-15/046

Independent auditors' report on review of condensed interim financial information

To,
The Board of Directors
M/s. Fujairah Cement Industries P.J.S.C.
Fujairah - United Arab Emirates

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 March 31, 2015, 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 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, 2015 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 14, 2015



Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of financial position as at March 31, 2015 (Unaudited)

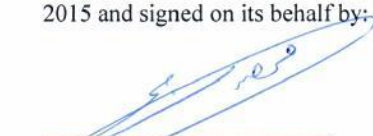
(In Arab Emirates Dirhams)

	Notes	Mar 31, 2015 (Unaudited)	Dec 31, 2014 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	3	1,263,071,793	1,240,935,234
Extraction and concession rights	4	11,514,173	12,687,633
<i>Total non-current assets</i>		<u>1,274,585,966</u>	<u>1,253,622,867</u>
<i>Current assets</i>			
Inventories	5	281,263,198	295,507,123
Trade receivables	6	163,388,631	161,917,850
Advances, deposits and other receivables	7	10,226,680	3,344,414
Cash and bank balances	8	11,001,711	18,567,253
<i>Total current assets</i>		<u>465,880,220</u>	<u>479,336,640</u>
Total assets		<u>1,740,466,186</u>	<u>1,732,959,507</u>
Shareholders' equity and liabilities			
<i>Shareholders' equity</i>			
Share capital	9	355,865,320	355,865,320
Statutory reserve	11	145,075,893	145,075,893
Voluntary reserve	12	222,536,002	222,536,002
Retained earnings	13	236,046,404	227,905,022
<i>Total shareholders' equity</i>		<u>959,523,619</u>	<u>951,382,237</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	14	282,654,076	278,710,169
Finance lease liability- non-current porton	15	41,108,580	54,811,441
Employees' end of service benefits	16	14,648,449	13,754,037
<i>Total non-current liabilities</i>		<u>338,411,105</u>	<u>347,275,647</u>
<i>Current liabilities</i>			
Trade and other payables	17	183,938,852	184,202,573
Bank borrowings	14	231,186,890	222,693,330
Finance lease liability	15	27,405,720	27,405,720
<i>Total current liabilities</i>		<u>442,531,462</u>	<u>434,301,623</u>
<i>Total liabilities</i>		<u>780,942,567</u>	<u>781,577,270</u>
Total shareholders' equity and liabilities		<u>1,740,466,186</u>	<u>1,732,959,507</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 14, 2015 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 three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

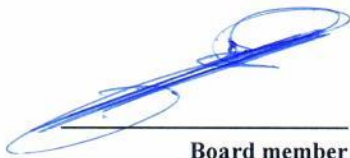
	Notes	Jan 01, 2015 to Mar 31, 2015 (3 months) (Unaudited)	Jan 01, 2014 to Mar 31, 2014 (3 months) (Unaudited)
Revenue	18	162,169,914	152,231,378
Cost of sales		(145,473,819)	(139,088,896)
Gross profit		16,696,095	13,142,482
Selling and distribution expenses		(664,876)	(632,046)
General and administrative expenses		(3,138,460)	(2,521,456)
Amortization of extraction and concession rights	4	(1,173,460)	(1,173,460)
Finance costs		(3,679,700)	(3,459,253)
Other income		101,783	34,875
Profit for the period		8,141,382	5,391,142
Basic earnings per share (U.A.E. Fils)	10	2.3	1.5

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 14, 2015 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 three month period ended March 31, 2015 (Unaudited)
(In Arab Emirates Dirhams)

	<u>Jan 01, 2015 to</u> <u>Mar 31, 2015</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Mar 31, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>
Profit for the period	8,141,382	5,391,142
Other comprehensive income	-	-
Total comprehensive income for the period	8,141,382	5,391,142

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

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Chairman



Board member

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of changes in shareholders' equity

For the three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Voluntary reserve</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at December 31, 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>
Balance as at December 31, 2014 (Audited)	355,865,320	145,075,893	222,536,002	227,905,022	951,382,237
Profit for the period	-	-	-	8,141,382	8,141,382
Balance as at March 31, 2015 (Unaudited)	<u>355,865,320</u>	<u>145,075,893</u>	<u>222,536,002</u>	<u>236,046,404</u>	<u>959,523,619</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 three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	Jan 01, 2015 to Mar 31, 2015 (3 months) (Unaudited)	Jan 01, 2014 to Mar 31, 2014 (3 months) (Unaudited)
Cash flows from operating activities		
Profit for the period	8,141,382	5,391,142
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	12,456,637	12,223,502
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	943,447	838,307
Operating profit before changes in operating assets and liabilities	22,964,926	19,876,411
<i>(Increase)/decrease in current assets</i>		
Inventories	13,993,925	(22,187,658)
Trade receivables	(1,470,781)	(13,538,951)
Advances, deposits and other receivables	(6,882,266)	(5,014,585)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(263,531)	67,351,891
Cash generated from operations	28,342,273	46,487,108
Employees' end-of-service benefits paid	(49,035)	(169,204)
Net cash from operating activities	28,293,238	46,317,904
Cash flows from investing activities		
Acquisition of property, plant and equipment	(34,593,196)	(839,339)
Net cash (used in) investing activities	(34,593,196)	(839,339)
Cash flows from financing activities		
Proceeds from term loan	32,062,569	-
(Repayment) of term loans	(28,118,662)	(21,213,900)
Proceeds/(repayment) of other bank borrowings, net	8,493,560	(17,469,360)
(Repayment) of finance lease liability	(13,702,861)	(13,702,860)
Dividends paid	(190)	(150,464)
Net cash (used in) financing activities	(1,265,584)	(52,536,584)
Net (decrease) in cash and cash equivalents	(7,565,542)	(7,058,019)
Cash and cash equivalents, beginning of the period	18,567,253	12,753,583
Cash and cash equivalents, end of the period	11,001,711	5,695,564
Represented by:		
Cash in hand	93,440	210,771
Bank balances - current accounts	10,908,271	5,484,793
	11,001,711	5,695,564

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 three month period ended March 31, 2015 (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** These financial statements incorporate 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 include all the information and disclosures required for full financial statements and should be read in conjunction with the Entity’s audited financial statements as at and for the year ended December 31, 2014.

In addition, results for the three month period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

The accounting policies, presentation and methods, adopted in this condensed interim financial information are consistent with those used in the audited financial statements for the year ended December 31, 2014, except for the adoption of new IFRS which became effective as of January 1, 2015.

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

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 of purchase price, together with any incidental expense of acquisition.

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

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2015 (Unaudited)

2 Significant accounting policies (continued)

2.2 Property, plant and equipment (continued)

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

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

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

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

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

Capital work in progress

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

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2015 (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, 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 year	-	12,947,328	114,881	245,661	249,856	-	28,449,354	42,007,080
Transferred from capital work-in-progress	-	4,464,572	-	-	330,790	-	(4,795,362)	-
As at December 31, 2014 (Audited)	120,148,630	1,825,192,070	2,515,811	25,348,000	11,819,694	30,918,672	25,187,103	2,041,129,980
Addition during the period	-	2,155,468	31,250	153,000	37,205	-	32,216,273	34,593,196
As at March 31, 2015 (Unaudited)	120,148,630	1,827,347,538	2,547,061	25,501,000	11,856,899	30,918,672	57,403,376	2,075,723,176
Accumulated depreciation								
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 year	3,247,555	45,000,133	74,260	77,201	181,642	778,873	-	49,359,664
As at December 31, 2014 (Audited)	22,923,436	718,551,179	2,358,075	25,129,642	11,202,239	20,030,175	-	800,194,746
Charge for the period	811,890	11,329,458	21,496	30,041	69,034	194,718	-	12,456,637
As at March 31, 2015 (Unaudited)	23,735,326	729,880,637	2,379,571	25,159,683	11,271,273	20,224,893	-	812,651,383
Carrying value								
As at March 31, 2015 (Unaudited)	96,413,304	1,097,466,901	167,490	341,317	585,626	10,693,779	57,403,376	1,263,071,793
As at December 31, 2014 (Audited)	97,225,194	1,106,640,891	157,736	218,358	617,455	10,888,497	25,187,103	1,240,935,234

Notes:

- Part of the Entity's buildings, plant and machinery are constructed/erected on land obtained on lease from the Government of Fujairah.
- Capital work-in-progress mainly represents Waste Heat Recovery (WHR) based captive power plant expansion project in progress and sheds under construction.
- Capital work-in-progress includes borrowing costs on WHR project amounting to AED 469,731 (December 31, 2014: AED 261,733).
- Insurance policy covering the WHR project is assigned and a registered chattel mortgage over the project is provided in favour of the bank against the term loan (note 14).
- Insurance policies covering movable assets are assigned in favour of the bank against a term loan (note 14).
- Certain property, plant and equipment having carrying value of AED 134,970,546 (December 31, 2014: AED 136,047,200) are mortgaged against finance lease liability (note 15).
- Depreciation is fully charged to cost of sales.
- Cost of fully depreciated property, plant and equipment that was still in use, at the end of the reporting period, amounted to AED 37,349,207 (December 31, 2014: AED 37,271,706).

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Notes to the condensed interim financial information

For the three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	<u>2015</u>	<u>2014</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
4 Extraction and concession rights		
The carrying values are as follows:		
Extraction rights	4,364,173	4,987,633
Concession rights	7,150,000	7,700,000
	11,514,173	12,687,633
	Extraction rights	Concession rights
	rights	rights
		Total
Cost		
As at December 31, 2013 (Audited)	76,500,000	22,000,000
As at December 31, 2014 (Audited)	76,500,000	22,000,000
As at March 31, 2015 (Unaudited)	76,500,000	22,000,000
Accumulated amortisation		
As at December 31, 2013 (Audited)	69,018,539	12,100,000
Amortisation for the year	2,493,828	2,200,000
As at December 31, 2014 (Audited)	71,512,367	14,300,000
Amortisation for the period	623,460	550,000
As at March 31, 2015 (Unaudited)	72,135,827	14,850,000
Carrying value:		
As at March 31, 2015 (Unaudited)	4,364,173	7,150,000
As at December 31, 2014 (Audited)	4,987,633	7,700,000

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

	<u>2015</u>	<u>2014</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
5 Inventories		
Raw materials	37,344,405	38,956,351
Semi-finished products	61,303,582	66,658,628
Finished products	1,483,289	1,633,392
	(a) 100,131,276	107,248,371
Spare parts	138,710,429	141,988,049
Burning media	63,142,626	66,713,660
Bags and packing materials	528,867	557,043
Less: Allowance for slow-moving spare parts	(21,250,000)	(21,000,000)
	(b) 181,131,922	188,258,752
	(a)+(b) 281,263,198	295,507,123
Movement in allowance for slow-moving spare parts is as follows:		
Balance at the beginning of the period/year	21,000,000	20,000,000
Charge during the period/year	250,000	1,000,000
Balance at the end of the period/year	21,250,000	21,000,000

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 three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	2015	2014
	(Unaudited)	(Audited)
6 Trade receivables		
Trade receivables	165,695,386	164,224,605
Less: Allowance for doubtful debts	(2,306,755)	(2,306,755)
	163,388,631	161,917,850
<i>Coverage:</i>		
Secured against unconditional bank guarantees	103,786,376	105,048,753
Open credit	59,602,255	56,869,097
	163,388,631	161,917,850
7 Advances, deposits and other receivables		
Prepayments	6,288,554	249,975
Advances to suppliers	3,664,821	2,844,676
Other receivables	273,305	249,763
	10,226,680	3,344,414
8 Cash and bank balances		
Cash in hand	93,440	54,586
Bank balances - current accounts	10,908,271	18,512,667
	11,001,711	18,567,253
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) 355,865,320	355,865,320
	Jan 01, 2015 to	Jan 01, 2014 to
	Mar 31, 2015	Mar 31, 2014
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
10 Basic earnings per share		
Profit for the period	(AED) 8,141,382	5,391,142
Weighted average number of shares	(Nos.) 355,865,320	355,865,320
Earnings per share for the period	(U.A.E. Fils) 2.3	1.5
11 Statutory reserve	2015	2014
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	145,075,893	142,498,511
Add: Transferred from profit for the period/year (note 13)	-	2,577,382
Balance at the end of the period/year	145,075,893	145,075,893

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 profit for each year. The shareholders' general assembly may stop appropriations to the statutory reserve once its balance reaches 50% of the paid-up share capital. This reserve is not available for distribution except in the circumstances stipulated by law.

No transfer was effected during the three month period ended March 31, 2015 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 three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	2015	2014
	(Unaudited)	(Audited)
12 Voluntary reserve		
Balance at the end of the period/year	222,536,002	222,536,002
In accordance with the Entity's Memorandum of Association, 10% of the profit of each year is to be appropriated to a voluntary reserve. Transfer may be suspended as proposed by the Board of Directors and approved by the Shareholders' General Assembly or when the reserve reaches 50% of the paid-up capital. This reserve is distributable when approved by a shareholders' resolution based on the recommendations of the Board of Directors.		
13 Retained earnings		
Balance at the beginning of the period/year	227,905,022	204,708,584
Profit for the period/year	8,141,382	25,773,820
Less: Transferred to statutory reserve (note 11)	-	(2,577,382)
Balance at the end of the period/year	236,046,404	227,905,022
14 Bank borrowings		
(a) Term loans		
Balance at the beginning of the period/year	334,947,492	258,637,841
Add: Received during the period/year	32,062,569	117,308,879
Less: Repaid during the period/year	(28,118,662)	(40,999,228)
Balance at the end of the period/year	338,891,399	334,947,492
<i>Comprising:</i>		
Non-current portion	282,654,076	278,710,169
Current portion	56,237,323	56,237,323
	338,891,399	334,947,492
<i>Break-up of term loans</i>		
Term loan 1	197,853,284	217,638,613
Term loan 2	49,371,448	17,308,879
Term loan 3	91,666,667	100,000,000
	338,891,399	334,947,492

Term loan 1

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

Term loan 2

During 2014, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 123,400,000 to finance the Waste Heat Recovery based captive power plant expansion project. Drawdown of this loan as of March 31, 2015 amounted to AED 49,371,448. 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 3

During 2014, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 100,000,000 to refinance the existing liabilities with other banks. Repayment of the loan is in 12 equal half yearly installments of AED 8.33 million 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 of the bank.

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For the three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	2015	2014
	(Unaudited)	(Audited)
14 Bank borrowings (continued)		
(b) Due to banks		
Trust receipts	88,725,330	53,994,804
Bills discounted	15,843,024	19,885,543
Acceptances	70,381,213	92,575,660
	174,949,567	166,456,007
Bank borrowings - non-current portion		
Non-current portion of term loans are to be repaid as follows:		
In the second year	56,237,323	56,237,323
In the third to fifth year	168,711,970	168,711,970
Payable after five years	57,704,783	53,760,876
Term loans (refer a)	282,654,076	278,710,169
Bank borrowings - current portion		
Term loans (refer a)	56,237,323	56,237,323
Due to banks (refer b)	174,949,567	166,456,007
	231,186,890	222,693,330
Total bank borrowings	513,840,966	501,403,499

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. Interest, 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	
	Mar 31, 2015	Dec 31, 2014	Mar 31, 2015	Dec 31, 2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Due within one year	32,202,817	33,278,584	27,405,720	27,405,720
Due in the 2nd year	30,068,826	31,144,590	27,405,720	27,405,720
Due in the 3rd year	14,231,973	29,010,600	13,702,860	27,405,721
Non-current liability	44,300,799	60,155,190	41,108,580	54,811,441
Total	76,503,616	93,433,774	68,514,300	82,217,161
Less: Future finance costs	(7,989,316)	(11,216,613)	-	-
	68,514,300	82,217,161	68,514,300	82,217,161

Movement in finance lease liability is as follows:

	Mar 31, 2015	Dec 31, 2014
	(Unaudited)	(Audited)
Balance at the beginning of the period/year	82,217,161	109,622,881
Less: Repaid during the period/year	(13,702,861)	(27,405,720)
Balance at the end of the period/year	68,514,300	82,217,161
<i>Comprising:</i>		
Non-current portion	41,108,580	54,811,441
Current portion	27,405,720	27,405,720
	68,514,300	82,217,161

Finance lease liability is secured by mortgage over certain property, plant and equipment (note 3).

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For the three month period ended March 31, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	<u>Mar 31, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
16 Employees' end of service benefits		
Balance at the beginning of the period/year	13,754,037	12,535,899
Add: Charge for the period/year	943,447	2,144,569
Less: Paid during the period/year	(49,035)	(926,431)
Balance at the end of the period/year	<u>14,648,449</u>	<u>13,754,037</u>
17 Trade and other payables		
Trade payable	139,828,174	140,997,695
Retention payable	154,266	154,266
Dividends payable	4,293,814	4,294,004
Advances received from customers	1,581,011	1,189,750
Accruals	31,944,503	32,436,702
Interest payable	1,757,476	4,121,175
Other payables	4,379,608	1,008,981
	<u>183,938,852</u>	<u>184,202,573</u>
	<u>Jan 01, 2015 to</u> <u>Mar 31, 2015</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Mar 31, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>
18 Revenue		
Sales : Within U.A.E.	73,638,091	62,893,782
: Outside U.A.E. : GCC	84,344,223	85,246,872
: Others	4,187,600	4,090,724
	<u>162,169,914</u>	<u>152,231,378</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 <i>Related Party Disclosures</i> . Such transactions are in the normal course of business and at terms that correspond to those on normal arms-length transactions with third parties. Related parties comprise entities under common ownership and/or common management and control, their partners and key management personnel.		
The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.		
	<u>Mar 31, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
a) Balances due from related parties (included in trade receivables)	<u>1,370,565</u>	<u>1,385,135</u>
b) Transactions with related parties		
The nature of significant related party transactions and the amounts involved were as follows:		
	<u>Jan 01, 2015 to</u> <u>Mar 31, 2015</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Mar 31, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>
Sales	<u>1,204,933</u>	<u>1,413,038</u>
c) Key management personnel compensation		
The compensation of key management personnel is as follows:		
Key management remuneration	<u>989,424</u>	<u>424,250</u>

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Notes to the condensed interim financial information

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(In Arab Emirates Dirhams)

20 Seasonality of results

No income of seasonal nature was recorded in the condensed interim statement of profit or loss for the three month periods ended March 31, 2015 and 2014.

21 Contingent liabilities

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

22 Commitments

	<u>Mar 31, 2015</u>	<u>Dec 31, 2014</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Commitments for the purchase of property, plant and equipment	<u>90,332,381</u>	<u>122,548,655</u>

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

23 Comparatives

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