

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

**Independent auditors' review report and condensed
interim financial information (unaudited)
For the nine month period ended September 30, 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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Website : www.fujairahcement.com

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

Ref: JM/AR/F-15/088

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

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, 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 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 of and for the nine month period ended September 30, 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



November 12, 2015

Fujairah Cement Industries P.J.S.C.

Fujairah - United Arab Emirates

Condensed interim statement of financial position as at September 30, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	Notes	Sep 30, 2015 (Unaudited)	Dec 31, 2014 (Audited)
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	3	1,283,330,351	1,240,935,234
Extraction and concession rights	4	9,167,261	12,687,633
<i>Total non-current assets</i>		<u>1,292,497,612</u>	<u>1,253,622,867</u>
<i>Current assets</i>			
Inventories	5	261,581,974	295,507,123
Trade receivables	6	149,735,001	161,917,850
Advances, deposits and other receivables	7	14,286,567	3,344,414
Cash and bank balances	8	16,593,579	18,567,253
<i>Total current assets</i>		<u>442,197,121</u>	<u>479,336,640</u>
Total assets		<u>1,734,694,733</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	252,605,140	227,905,022
<i>Total shareholders' equity</i>		<u>976,082,355</u>	<u>951,382,237</u>
<i>Non-current liabilities</i>			
Bank borrowings - non-current portion	14	365,883,353	278,710,169
Finance lease liability - non-current portion	15	-	54,811,441
Employees' end of service benefits	16	13,355,383	13,754,037
<i>Total non-current liabilities</i>		<u>379,238,736</u>	<u>347,275,647</u>
<i>Current liabilities</i>			
Trade and other payables	17	112,926,939	184,202,573
Bank borrowings - current portion	14	266,446,703	222,693,330
Finance lease liability - current portion	15	-	27,405,720
<i>Total current liabilities</i>		<u>379,373,642</u>	<u>434,301,623</u>
Total liabilities		<u>758,612,378</u>	<u>781,577,270</u>
Total shareholders' equity and liabilities		<u>1,734,694,733</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 November 12, 2015 and signed on its behalf by:



 Chairman



 Board member

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

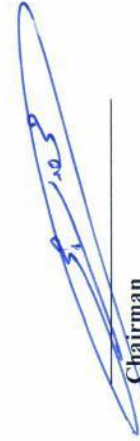
Condensed interim statement of profit or loss
For the nine month period ended September 30, 2015 (Unaudited)
(In Arab Emirates Dirhams)

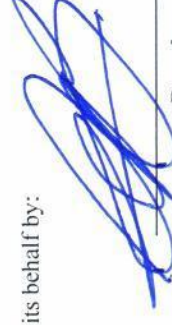
	Notes	Jul 01, 2015		Jan 01, 2015 to		Jan 01, 2014 to	
		Sep 30, 2015 (3 months) (Unaudited)	Jul 01, 2014 Sep 30, 2014 (3 months) (Unaudited)	Sep 30, 2015 (9 months) (Unaudited)	Sep 30, 2014 (9 months) (Unaudited)		
Revenue	18	138,891,719	149,367,701	454,273,998	447,398,229		
Cost of sales		(122,612,588)	(136,182,378)	(403,651,228)	(407,863,156)		
Gross profit		16,279,131	13,185,323	50,622,770	39,535,073		
Selling and distribution expenses		(493,337)	(491,109)	(1,538,653)	(1,636,846)		
General and administrative expenses		(3,229,139)	(2,418,930)	(9,817,653)	(7,590,244)		
Amortization of extraction and concession rights	4	(1,173,456)	(1,173,456)	(3,520,372)	(3,520,372)		
Finance costs		(4,273,274)	(3,869,957)	(12,142,403)	(10,652,099)		
Other income		689,313	299,439	1,096,429	931,479		
Profit for the period		7,799,238	5,531,310	24,700,118	17,066,991		
Basic earnings per share (U.A.E. Fils)	10	2.2	1.6	6.9	4.8		

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 November 12, 2015 and signed on its behalf by:


Chairman


Board member

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

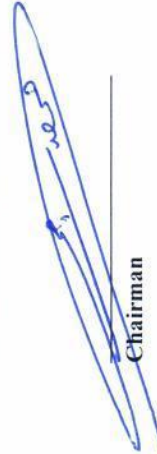
Condensed interim statement of other comprehensive income
For the nine month period ended September 30, 2015 (Unaudited)
(In Arab Emirates Dirhams)

	Jul 01, 2015	Jul 01, 2014	Jan 01, 2015 to	Jan 01, 2014 to
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
	(3 months)	(3 months)	(9 months)	(9 months)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	7,799,238	5,531,310	24,700,118	17,066,991
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	7,799,238	5,531,310	24,700,118	17,066,991

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 November 12, 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 changes in shareholders' equity
For the nine month period ended September 30, 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	-	-	-	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>
Balance as at December 31, 2014 (Audited)	355,865,320	145,075,893	222,536,002	227,905,022	951,382,237
Profit for the period	-	-	-	24,700,118	24,700,118
Balance as at September 30, 2015 (Unaudited)	<u>355,865,320</u>	<u>145,075,893</u>	<u>222,536,002</u>	<u>252,605,140</u>	<u>976,082,355</u>

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, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	<u>Jan 01, 2015 to</u> <u>Sep 30, 2015</u> <u>(9 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Sep 30, 2014</u> <u>(9 months)</u> <u>(Unaudited)</u>
Cash flows from operating activities		
Profit for the period	24,700,118	17,066,991
<i>Adjustments for:</i>		
Depreciation on property, plant and equipment	37,517,055	36,938,754
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	1,560,989	1,867,428
Operating profit before changes in operating assets and liabilities	<u>68,048,534</u>	<u>60,143,545</u>
<i>(Increase)/decrease in current assets</i>		
Inventories	33,175,149	(46,545,824)
Trade receivables	12,182,849	(11,263,747)
Advances, deposits and other receivables	(10,942,153)	(10,187,666)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	(71,272,217)	54,938,369
Cash generated from operations	<u>31,192,162</u>	<u>47,084,677</u>
Employees' end-of-service benefits paid	(1,959,643)	(532,961)
Net cash from operating activities	<u>29,232,519</u>	<u>46,551,716</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(79,912,172)	(21,121,044)
Net cash (used in) investing activities	<u>(79,912,172)</u>	<u>(21,121,044)</u>
Cash flows from financing activities		
Proceeds from term loans	101,881,279	113,219,893
(Repayment) of term loans	(61,946,649)	(40,999,228)
Proceeds/(repayment) of other bank borrowings, net	22,477,627	(65,729,740)
(Repayment) of finance lease liability	(13,702,861)	(27,405,720)
Dividends paid	(3,417)	(164,056)
Net cash from/(used in) financing activities	<u>48,705,979</u>	<u>(21,078,851)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,973,674)</u>	<u>4,351,821</u>
Cash and cash equivalents, beginning of the period	<u>18,567,253</u>	<u>12,753,583</u>
Cash and cash equivalents, end of the period	<u>16,593,579</u>	<u>17,105,404</u>
Represented by:		
Cash in hand	139,600	215,343
Bank balances - current accounts	16,453,979	16,890,061
	<u>16,593,579</u>	<u>17,105,404</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

Notes to the condensed interim financial information

For the nine month period ended September 30, 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** This condensed interim financial information incorporates the operating results of the Industrial license no. 80001.

2 Significant accounting policies

2.1 Basis of preparation

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

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

The accounting policies and methods of computation adopted in preparing this condensed interim financial information are consistent with those used in the audited financial statements for the year ended December 31, 2014.

All aspects of the financial risk management objectives and policies are consistent with that disclosed in the audited financial statements for the year ended December 31, 2014.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2014.

The result for the nine month period ended September 30, 2015 is not necessarily indicative of the result that may be expected for the financial year ending December 31, 2015.

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited financial statements for the year ended December 31, 2014.

2.2 Property, plant and equipment

Land is stated at cost.

Other property, plant and equipment (except for capital work-in-progress) are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost 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 nine month period ended September 30, 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 commences, on the same basis of estimated useful lives stated above, 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 nine month period ended September 30, 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	255,000	1,808,603	63,915	153,000	229,595	-	77,402,059	79,912,172
Transferred from capital work-in-progress	7,950,000	-	-	-	-	-	(7,950,000)	-
As at September 30, 2015 (Unaudited)	128,353,630	1,827,000,673	2,579,726	25,501,000	12,049,289	30,918,672	94,639,162	2,121,042,152
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	2,569,017	33,999,394	55,289	80,436	228,764	584,155	-	37,517,055
As at September 30, 2015 (Unaudited)	25,492,453	752,550,573	2,413,364	25,210,078	11,431,003	20,614,330	-	837,711,801
Carrying value								
As at September 30, 2015 (Unaudited)	102,861,177	1,074,450,100	166,362	290,922	618,286	10,304,342	94,639,162	1,283,330,351
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 1,752,174 (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 132,817,239 (December 31, 2014: AED 136,047,200) are mortgaged against a term loan (2014: finance lease liability) (note 14).
- 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 37,572,781 (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 nine month period ended September 30, 2015 (Unaudited)

(In Arab Emirates Dirhams)

	<u>Sep 30, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
4 Extraction and concession rights		
The carrying values are as follows:		
Extraction rights	3,117,261	4,987,633
Concession rights	6,050,000	7,700,000
	<u>9,167,261</u>	<u>12,687,633</u>
	Extraction	Concession
	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 September 30, 2015 (Unaudited)	<u>76,500,000</u>	<u>22,000,000</u>
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	1,870,372	1,650,000
As at September 30, 2015 (Unaudited)	<u>73,382,739</u>	<u>15,950,000</u>
Carrying value:		
As at September 30, 2015 (Unaudited)	<u>3,117,261</u>	<u>6,050,000</u>
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>Sep 30, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
5 Inventories		
Raw materials	30,765,094	38,956,351
Semi-finished products	50,302,937	66,658,628
Finished products	3,904,061	1,633,392
	(a) <u>84,972,092</u>	<u>107,248,371</u>
Spare parts	139,188,634	141,988,049
Burning media	58,588,621	66,713,660
Bags and packing materials	582,627	557,043
Less: Allowance for slow-moving spare parts	(21,750,000)	(21,000,000)
	(b) <u>176,609,882</u>	<u>188,258,752</u>
	(a)+(b) <u>261,581,974</u>	<u>295,507,123</u>
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	750,000	1,000,000
Balance at the end of the period/year	<u>21,750,000</u>	<u>21,000,000</u>

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, 2015 (Unaudited)

(In Arab Emirates Dirhams)

		<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
6 Trade receivables			
Trade receivables		152,041,756	164,224,605
Less: Allowance for doubtful debts		<u>(2,306,755)</u>	<u>(2,306,755)</u>
		<u>149,735,001</u>	<u>161,917,850</u>
<i>Coverage:</i>			
Secured against unconditional bank guarantees		108,328,939	105,048,753
Open credit		<u>41,406,062</u>	<u>56,869,097</u>
		<u>149,735,001</u>	<u>161,917,850</u>
7 Advances, deposits and other receivables			
Prepayments		5,681,860	249,975
Advances to suppliers		8,233,474	2,844,676
Other receivables		<u>371,233</u>	<u>249,763</u>
		<u>14,286,567</u>	<u>3,344,414</u>
8 Cash and bank balances			
Cash in hand		139,600	54,586
Bank balances - current accounts		<u>16,453,979</u>	<u>18,512,667</u>
		<u>16,593,579</u>	<u>18,567,253</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>
		<u>Jul 01, 2015</u>	<u>Jul 01, 2014</u>
		<u>Sep 30, 2015</u>	<u>Sep 30, 2014</u>
		<u>(3 months)</u>	<u>(3 months)</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>
10 Basic earnings per share			
Profit for the period	(AED)	<u>7,799,238</u>	<u>5,531,310</u>
Weighted average number of shares	(Nos.)	<u>355,865,320</u>	<u>355,865,320</u>
Earnings per share for the period	(U.A.E. Fils)	<u>2.2</u>	<u>1.6</u>
		<u>Sep 30, 2015</u>	<u>Dec 31, 2014</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
11 Statutory reserve			
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		<u>145,075,893</u>	<u>145,075,893</u>

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 at the end of the reporting period, as this will be based on the result for the financial year.

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	<u>Sep 30, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
12 Voluntary reserve		
Balance at the end of the period/year	<u>222,536,002</u>	<u>222,536,002</u>
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	24,700,118	25,773,820
Less: Transferred to statutory reserve (note 11)	-	(2,577,382)
Balance at the end of the period/year	<u>252,605,140</u>	<u>227,905,022</u>
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	101,881,279	117,308,879
Add: Transferred from finance lease liability (note 15)	68,514,300	-
Less: Repaid during the period/year	<u>(61,946,649)</u>	<u>(40,999,228)</u>
Balance at the end of the period/year	<u>443,396,422</u>	<u>334,947,492</u>
<i>Comprising:</i>		
Non-current portion	365,883,353	278,710,169
Current portion	<u>77,513,069</u>	<u>56,237,323</u>
	<u>443,396,422</u>	<u>334,947,492</u>
<i>Break-up of term loans</i>		
Term loan 1	178,067,956	217,638,613
Term loan 2	79,763,574	17,308,879
Term loan 3	83,333,333	100,000,000
Term loan 4	62,804,775	-
Term loan 5	<u>39,426,784</u>	<u>-</u>
	<u>443,396,422</u>	<u>334,947,492</u>

Term loan 1

During 2006, the Entity was sanctioned this loan from an overseas bank to partly finance the cost of constructing a new clinker production line with a capacity of 7,500 metric tonnes per day. During 2010, the outstanding balance of AED 336,350,584 was rescheduled to be repaid in seventeen semi-annual installments of AED 19,785,328 each commenced in February 2012 and ending in February 2020. Interest, at commercial rate, 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 September 30, 2015 amounted to AED 79,763,574. Repayment of the loan is in twenty eight equal quarterly installments of AED 4,407,143 each commencing from November 2016 and ending in October 2023. Interest, at commercial rate, accrued on monthly 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).

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14 Bank borrowings (continued)**(a) Term loans (continued)***Term loan 3*

During 2014, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 100,000,000 to refinance the existing liabilities with other banks. Repayment of the loan is in twelve equal half yearly installments of AED 8.33 million each commenced in March 2015 and ending in September 2020. Interest at commercial rate, accrued on monthly 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.

Term loan 4

In April 2015, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 68,514,300 to refinance the existing finance lease liability (note 15) with the same bank. Repayment of the loan is in twelve equal half yearly installments of AED 5.71 million each commenced from August 2015 and ending in February 2021. Interest, at commercial rate, accrued on monthly basis, is paid separately on the due dates.

Term loan 5

In September 2015, the Entity was sanctioned this loan from a bank operating in the United Arab Emirates for AED 40 million, of which AED 39,426,784 was drawn down, to finance the royalty payment of AED 11,426,784 to Fujairah Natural Resources Corporation and land rent payment of AED 28,000,000 to Dibba Municipality. Repayment of the loan is in eight equal half yearly installments of AED 4,928,348 each commencing from March 2016 and ending in September 2019. Interest, at commercial rate, accrued on monthly basis, is paid separately on

	<u>Sep 30, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
(b) Other bank borrowings		
Trust receipts	167,269,158	53,994,804
Bills discounted	5,140,751	19,885,543
Acceptances	16,523,725	92,575,660
	<u>188,933,634</u>	<u>166,456,007</u>
Bank borrowings - non-current portion		
Non-current portion of term loans is to be repaid as follows:		
In the second year	85,284,945	56,237,323
In the third to fifth year	255,854,837	168,711,970
After five years	24,743,571	53,760,876
Term loans (refer a)	<u>365,883,353</u>	<u>278,710,169</u>
Bank borrowings - current portion		
Term loans (refer a)	77,513,069	56,237,323
Other bank borrowings (refer b)	188,933,634	166,456,007
	<u>266,446,703</u>	<u>222,693,330</u>
Total bank borrowings	<u>632,330,056</u>	<u>501,403,499</u>

Term loans 4 & 5 and other bank borrowings are secured by:

- i) Registered charge over Thermal Power Plant (including machinery) (note 3).
- ii) Assignment of insurance policy for AED 406.7 million covering the cement factory on a parri passu basis.
- iii) Assignment of insurance policy for AED 236.9 million covering the Thermal Power Plant on a parri passu basis.
- iv) Assignment of leasehold rights (between the Entity & Fujairah Municipality) over the land on which the Thermal Power Plant is located.

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	<u>Sep 30, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
15 Finance lease liability		
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)
Less: Transferred to term loans (note 14)	(68,514,300)	-
Balance at the end of the period/year	<u>-</u>	<u>82,217,161</u>
<i>Comprising:</i>		
Non-current portion	-	54,811,441
Current portion	-	27,405,720
	<u>-</u>	<u>82,217,161</u>

In April 2015, the lending bank refinanced the financial lease liability by means of a term loan (note 14).

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	1,560,989	2,144,569
Less: Paid during the period/year	(1,959,643)	(926,431)
Balance at the end of the period/year	<u>13,355,383</u>	<u>13,754,037</u>

17 Trade and other payables		
Trade payable	79,528,639	140,997,695
Retention payable	11,334,595	154,266
Dividends payable	4,290,587	4,294,004
Advances received from customers	2,760,034	1,189,750
Accruals	10,845,180	32,436,702
Interest payable	3,184,353	4,121,175
Other payables	983,551	1,008,981
	<u>112,926,939</u>	<u>184,202,573</u>

	<u>Jul 01, 2015</u> <u>Sep 30, 2015</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jul 01, 2014</u> <u>Sep 30, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2015 to</u> <u>Sep 30, 2015</u> <u>(9 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Sep 30, 2014</u> <u>(9 months)</u> <u>(Unaudited)</u>
18 Revenue				
Sales : Within U.A.E.	52,510,771	65,824,472	185,450,613	192,480,307
: Outside U.A.E. : G.C.C.	86,096,580	83,543,229	259,151,354	254,917,922
: Others	284,368	-	9,672,031	-
	<u>138,891,719</u>	<u>149,367,701</u>	<u>454,273,998</u>	<u>447,398,229</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.

The Entity believes that the terms of such transactions are not significantly different from those that could have been obtained from third parties.

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	<u>Sep 30, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
19 Related party transactions (continued)		
a) Balances due from related parties (included in trade receivables)	<u>1,233,830</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>Jul 01, 2015</u> <u>Sep 30, 2015</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jul 01, 2014</u> <u>Sep 30, 2014</u> <u>(3 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2015 to</u> <u>Sep 30, 2015</u> <u>(9 months)</u> <u>(Unaudited)</u>	<u>Jan 01, 2014 to</u> <u>Sep 30, 2014</u> <u>(9 months)</u> <u>(Unaudited)</u>
Sales	<u>1,059,675</u>	<u>1,183,487</u>	<u>3,449,295</u>	<u>3,976,909</u>

c) Key management personnel compensation

The compensation of key management personnel is as follows:

Key management remuneration	<u>683,911</u>	<u>523,905</u>	<u>2,383,522</u>	<u>1,529,855</u>
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20 Seasonality of results

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

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>Sep 30, 2015</u> <u>(Unaudited)</u>	<u>Dec 31, 2014</u> <u>(Audited)</u>
Commitments for the purchase of property, plant and equipment	<u>42,318,912</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 reclassification has no impact on the previously reported financial result or equity.