

Fujairah Building Industries P.J.S.C. and its subsidiaries

General information

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The Auditor: KPMG Lower Gulf Limited
P.O. Box: 341145
Dubai – United Arab Emirates

Directors' report for the three month period ended 31 March 2019

The Board of Directors has pleasure in presenting its report and the reviewed condensed consolidated interim financial information for the three month period ended 31 March 2019.

Principal activities of the Group:

The principal activities of the Group are unchanged since the previous year and comprise producing and selling of concrete blocks, interlocks, kerbstones, ceramic tiles, rockwool insulation materials, marble products, terrazzo tiles and quarry products.

Financial performance:

	<u>1 Jan 2019 to</u> <u>31 Mar 2019</u> AED	<u>1 Jan 2018 to</u> <u>31 Mar 2018</u> AED
<i>Continuing operations:</i>		
Revenue	60,181,892	66,995,356
Gross profit	25,168,348	27,687,195
Gross profit margin	42%	41%
Profit for the period from continuing operations	13,343,410	12,912,685
<i>Discontinued operations:</i>		
Profit for the period from discontinued operations	10,049	88,813
Net profit for the period	13,353,459	13,001,498

Risk management and internal control systems:

The Group is committed to the management of risk to achieve sustainability, employment and surpluses. The risk management framework identifies, assesses, manages and reports on risks on a consistent and reliable basis. The primary risks are those of credit, market (liquidity, interest rate and foreign exchange) and operational risk.

Management recognises its responsibility for system of internal control and for reviewing its effectiveness. In view of the above, the Group continuously monitors risks through means of administrative and information systems. Periodic MIS reports are generated by the subsidiaries, which help to mitigate risks and provide transparency.

Events after the period end:

In the opinion of the Board of Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the reporting period and the date of this report which is likely to affect, substantially the result of the operations of the Group for the three month period ended 31 March 2019.

Share capital:

The share capital remained unchanged at AED 135,987,500 as at 31 March 2019 and 31 December 2018. The general assembly of the company held on 19 March 2019 has approved the distribution of cash dividends at 10% of the share capital (i.e. U.A.E. Fils 10 per share).

Property, plant and equipment:

During the current period, the group has adopted IFRS 16 – *Leases* as set out in note 3.1(i) and has recognised right-of-use assets as set out in note 11 and the related lease liabilities as set out in note 19 to the condensed consolidated interim financial statements.

Investments carried at fair value through other comprehensive income (FVOCI):

The movement in FVOCI investments is set out in note 12 to the condensed consolidated interim financial information.

On behalf of the Board of Directors



Ahmed Saeed Mohammed Alraqbani

Chairman

May 13, 2019

Fujairah Building Industries P.J.S.C. and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income
for the three month period ended 31 March 2019

		Three month period ended 31 March (Unaudited)	
	<i>Note</i>	2019 AED	2018 AED
Continuing operations			
Revenue	6	60,181,892	66,995,356
Cost of sales		(35,013,544)	(39,308,161)
Gross profit		25,168,348	27,687,195
Selling and distribution expenses	7	(6,036,060)	(7,638,522)
Administrative expenses	8	(7,360,481)	(7,171,089)
Impairment losses on trade receivables		(254,022)	(294,744)
Other income	10	1,039,862	1,224
Operating profit		12,557,647	12,584,064
Finance expenses	9	(825,560)	(529,781)
Finance income	9	366,319	177,942
Dividend income		1,245,004	680,460
Profit from continuing operations		13,343,410	12,912,685
Profit from discontinued operations		10,049	88,813
Profit for the period		13,353,459	13,001,498

- (i) The Group has initially applied IFRS 16 – *Leases* at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the reporting date of initial application. Also refer to note 3.1(i).

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 3 and 4.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income (continued)

for the three month period ended 31 March 2019

		Three month period ended 31 March (Unaudited)	
	<i>Note</i>	2019 AED	2018 AED
Profit for the period		13,353,459	13,001,498
Other comprehensive income for the period:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of investments carried at FVOCI	12	767,698	(15,512,256)
		-----	-----
Total comprehensive income/(loss) for the period		14,121,157	(2,510,758)
		=====	=====
Earnings per share			
Basic and diluted	24	0.098	0.096
		=====	=====
Basic and diluted – Continuing operations	24	0.098	0.095
		=====	=====

- (i) The Group has initially applied IFRS 16 – *Leases* at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the reporting date of initial application. Also refer to note 3.1(i).

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Fujairah Building Industries P.J.S.C. and its subsidiaries

Condensed consolidated statement of financial position

as at 31 March 2019


	Note	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Assets			
Non-current assets			
Property, plant and equipment	11	229,005,793	163,428,329
Investments carried at fair value through other comprehensive income (FVOCI)	12	58,197,768	57,422,109
Long term receivables	15	520,713	570,419
		<u>287,724,274</u>	<u>221,420,857</u>
Current assets			
Investments carried at fair value through other comprehensive income (FVOCI)	12	551,582	559,543
Inventories	13	33,255,015	35,901,401
Trade receivables	14	58,170,142	55,849,676
Advances, deposits and other receivables	15	8,899,366	9,681,835
Contract assets		977,607	1,020,170
Fixed deposits with banks		37,000,000	37,000,000
Cash in hand and at banks	16	24,339,601	26,235,964
		<u>163,193,313</u>	<u>166,248,589</u>
Total assets		<u>450,917,587</u>	<u>387,669,446</u>
Equity			
Share capital	20	135,987,500	135,987,500
Statutory reserve		37,045,199	37,045,199
Fair value reserve of investments carried at FVOCI		40,539,877	39,772,179
Retained earnings	21	86,966,795	88,472,086
		<u>300,539,371</u>	<u>301,276,964</u>
Non-current liabilities			
Bank borrowings	18	19,555,556	21,333,333
Lease liabilities	19	63,541,164	-
Employees' end of service benefits		11,640,994	12,056,535
		<u>94,737,714</u>	<u>33,389,868</u>
Current liabilities			
Bank borrowings	18	7,111,111	7,823,153
Lease liabilities	19	7,337,696	-
Trade and other payables	17	41,191,695	45,179,461
		<u>55,640,502</u>	<u>53,002,614</u>
Total liabilities		<u>150,378,216</u>	<u>86,392,482</u>
Total equity and liabilities		<u>450,917,587</u>	<u>387,669,446</u>


- (i) The Group has initially applied IFRS 16 – Leases at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the reporting date of initial application. Also refer to note 3.1(i).

The notes set out on pages 11 to 25 form an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 3 and 4.

The condensed consolidated interim financial statements were authorized for issue on behalf of the Board of Directors on


Chairman


Director

Fujairah Building Industries P.J.S.C. and its subsidiaries

Condensed consolidated statement of cash flows

for the three month period ended 31 March 2019

	Note	Three month period ended 31 March (Unaudited)	
		2019 AED	2018 AED
Operating activities			
Profit for the period		13,353,459	13,001,498
<i>Adjustments for:</i>			
Depreciation	11	8,280,869	7,513,934
Provision for slow-moving inventories	13	130,566	1,945,379
Impairment losses on trade receivables	14	254,022	294,744
Interest on lease liabilities	9	441,462	-
Interest expense on bank borrowings	9	384,098	529,781
Interest income	9	(366,319)	(177,942)
Reversal of excess provisions	10	(927,204)	-
Impairment for property, plant and equipment		-	351
Provision for employees' end of service benefits		270,256	271,337
		-----	-----
		21,821,209	23,379,082
Change in inventories		2,515,820	3,383,255
Change in trade receivables		(2,574,488)	(6,604,540)
Change in advances, deposits and other receivables (including non-current receivables and contract assets)		330,112	(4,455,678)
Change in trade and other payables		(3,619,528)	4,107,285
Employees' end-of-service benefits paid		(108,593)	(167,462)
		-----	-----
Net cash from operating activities		18,364,532	19,641,942
		-----	-----
Investing activities			
Acquisition of property, plant and equipment (excluding right-of-use assets)	11	(1,136,109)	(2,425,132)
Interest received from deposits		177,917	77,292
		-----	-----
Net cash used in investing activities		(958,192)	(2,347,840)
		-----	-----
Financing activities			
Repayment of bank borrowings	18	(2,489,819)	(6,432,435)
Proceeds from other borrowings – net		-	171,403
Payment of lease liabilities	19	(1,551,798)	-
Interest paid		(402,336)	(552,711)
Dividend paid	21	(13,598,750)	(10,199,063)
Board of Directors' remuneration paid	21	(1,260,000)	(970,000)
		-----	-----
Net cash used in financing activities		(19,302,703)	(17,982,806)
		-----	-----
Net decrease in cash and cash equivalents		(1,896,363)	(688,704)
		-----	-----
Cash and cash equivalents at the beginning of the period		26,235,964	12,123,482
		-----	-----
Cash and cash equivalents at the end of the period		24,339,601	11,434,778
		=====	=====
		-----	-----
Cash and cash equivalents at the end of the period	16	24,339,601	11,434,778
		=====	=====

The notes on pages 11 to 25 are an integral part of these condensed consolidated interim financial statements.

The independent auditors' report on review of condensed consolidated interim financial statements is set out on pages 3 and 4.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Condensed consolidated statement of changes in equity for the three month period ended 31 March 2019

	Share capital AED	Statutory reserve AED	Fair value reserve of available-for- sale investments AED	Fair value reserve of investments carried at FVOCI AED	Retained earnings AED	Total AED
Balance at 1 January 2018 (Audited)	135,987,500	32,397,895	39,318,997	-	58,274,579	265,978,971
Adjustment on initial application of IFRS 9 (refer note 3.1(ii))	-	-	(39,318,997)	39,318,997	(459,168)	(459,168)
Adjusted balance at 1 January 2018	135,987,500	32,397,895	-	39,318,997	57,815,411	265,519,803
Total comprehensive loss for the period						
Profit for the period	-	-	-	-	13,001,498	13,001,498
Other comprehensive loss for the period	-	-	-	(15,512,256)	-	(15,512,256)
Total comprehensive loss for the period	-	-	-	(15,512,256)	13,001,498	(2,510,758)
Transactions with owners of the Company, recorded directly in equity						
Dividend declared (refer note 21)	-	-	-	-	(10,199,063)	(10,199,063)
Board of director's remuneration (refer note 21)	-	-	-	-	(970,000)	(970,000)
Total transactions with owners of the Company, recorded directly in equity	-	-	-	-	(11,169,063)	(11,169,063)
Balance at 31 March 2018 (Unaudited)	135,987,500	32,397,895	-	23,806,741	59,647,846	251,839,982

Fujairah Building Industries P.J.S.C. and its subsidiaries

Condensed consolidated statement of changes in equity (continued)

for the three month period ended 31 March 2019

	Share capital AED	Statutory reserve AED	Fair value reserve of investments carried at FVOCI AED	Retained earnings AED	Total AED
Balance at 1 January 2019 (Audited)	135,987,500	37,045,199	39,772,179	88,472,086	301,276,964
Total comprehensive income for the period					
Profit for the period	-	-	-	13,353,459	13,353,459
Other comprehensive income for the period	-	-	767,698	-	767,698
Total comprehensive income for the period	-	-	767,698	13,353,459	14,121,157
Transactions with owners of the Company, recorded directly in equity					
Dividend declared (refer note 21)	-	-	-	(13,598,750)	(13,598,750)
Board of director's remuneration (refer note 21)	-	-	-	(1,260,000)	(1,260,000)
Total transactions with owners of the Company, recorded directly in equity	-	-	-	(14,858,750)	(14,858,750)
Balance at 31 March 2019 (Unaudited)	135,987,500	37,045,199	40,539,877	86,966,795	300,539,371

- (i) The Group has initially applied IFRS 16 – Leases at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognised in retained earnings at the reporting date of initial application. Also refer to note 3.1(i).
- (ii) In accordance with UAE Federal Law No. (2) of 2015 and the Company's Articles of Association, 10% of net profit for the year is required to be transferred to statutory reserve till the reserve reaches 50% of Company's paid up share capital. The reserve is not available for distribution except in the circumstances stipulated by the law. No transfer was effected at the end of the reporting period as this will be based on the results for the financial year.

The notes set out on pages 11 to 25 form part of these condensed consolidated interim financial statements.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial statements

for the three month period ended 31 March 2019 (unaudited)

1. Reporting entity

Fujairah Building Industries P.J.S.C. (“the Company”) was incorporated in 1979, as a public joint stock company in the Emirate of Fujairah, United Arab Emirates, by an Emiri Decree issued by His Highness, The Ruler of Fujairah. The Entity’s ordinary shares are listed on the Abu Dhabi Securities Exchange. The registered address of the Company is P.O. Box 383, Fujairah - United Arab Emirates.

The condensed consolidated interim financial statements (“interim financial statements”) as at and for the three month period ended 31 March 2019 (“the current period”) comprises the Company and its subsidiaries (collectively referred to as “the Group”).

The principal activities of the Group comprise production of blocks, interlocks, kerbstones, ceramic tiles, rockwool insulation materials, marble products, terrazzo tiles and quarry products.

2. Basis of preparation

Statement of compliance

The interim financial statements for the three month period ended 31 March 2019 have been prepared in accordance with IAS 34 ‘Interim financial reporting’. The interim financial statements should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of UAE Federal Law No. (2) of 2015.

This is the first set of the Group’s financial statements where IFRS 16 – *Leases* has been applied. Changes to significant accounting policies are described in note 3.1(i).

3. Significant accounting policies

Except for the changes in accounting for leases resulting from adoption of IFRS 16, the accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2018.

The Group has initially adopted IFRS 16 – *Leases* from 1 January 2019 using the modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

3.1 Change in significant accounting policies

(i) IFRS 16 – *Leases*

Definition of a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2019 (unaudited)

3. Significant accounting policies (continued)

3.1 Change in significant accounting policies (continued)

(i) IFRS 16 – Leases (continued)

a) As a Lessee

The Group leases land, staff accommodations and motor vehicles. As a lessee, the Group previously classified leases as operating or finance lease based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Group presents right-of-use assets as a separate line item in property, plant equipment. The carrying amounts of right of use assets are as below:

	Right-of use assets AED
Balance at 1 January 2019	72,722,224
	=====
Balance at 31 March 2019	71,253,435
	=====

The Group recognizes the right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently at fair value, in accordance with the Group's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2019 (unaudited)

3. Significant accounting policies (continued)

3.1. Change in significant accounting policies (continued)

(i) IFRS 16 – Leases (continued)

a) As a Lessee (continued)

Transition

Previously, the Group classified property leases as operating leases under IAS 17.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied the exemption not to recognise right-of-use of assets and liabilities for leases with less than 12 months of lease term.
- Exclude initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised as below:

	1 January 2019 AED
Right-of-use assets	
- Buildings and leasehold improvements	72,173,552
- Motor vehicles	548,672

	72,722,224
	=====
Lease liabilities	71,989,196
	=====
Prepayments	(733,028)
	=====

Fujairah Building Industries P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2019 (unaudited)

3. Significant accounting policies (continued)

3.1. Change in significant accounting policies (continued)

(i) IFRS 16 – Leases (continued)

a) As a lessee (continued)

Impact on transition (continued)

When measuring lease liability, for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 6% per annum.

	1 January 2019 AED
Lease liability comprises of	
Operating lease commitments at 1 January 2019 under IAS 17	7,448,184
Extension options reasonably certain to be exercised	96,064,043

Undiscounted minimum lease payments	103,512,227
	=====
Present value of minimum lease payments discounted using incremental borrowing rate	71,989,196
	=====

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised AED 0.73 million of right-of-use assets as at 1 January 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense, during the three month period ended 31 March 2019. The Group has recognised AED 1.47 million of depreciation charge and AED 0.44 million of interest costs from those leases.

(ii) IFRS 9 – Financial Instruments

During the previous year, the Group had adopted IFRS 9 which was applicable from 1 January 2018. The following table summarises the impact of transition to IFRS 9 on impairment loss on opening balances as of 1 January 2018:

	31 December 2017 AED'000 (As previously reported)	Impact of re-measurement under IFRS 9 AED'000	1 January 2018 AED'000 (Restated)
Impairment loss on:			
Trade receivables	56,776,691	(459,168)	56,317,523
	=====	=====	=====

Further, the Group had investments in equity securities which were classified as available-for-sale investments under IAS 39 as at 1 January 2018, which the Group intends to hold for a long term period for strategic purposes. As permitted by IFRS 9, the Group designated these investments at the date of initial application as measured at FVOCI. There was no impact on transition to IFRS 9, and accordingly no adjustment had been made to Investments at FVOCI and the related cumulative changes in fair value reserve upon adoption of IFRS 9 as at 1 January 2018.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial statements for the three month period ended 31 March 2019 (unaudited)

4. Use of estimates and judgments

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

In preparing the interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018 except for new significant judgement and key source of estimation uncertainty related to application of IFRS 16 which are described in note 3.1(i).

The Group has an established control framework with respect to the measurement of fair values, and management has overall responsibility for overseeing all significant fair value measurements.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period in which the change has occurred.

5. Financial risk management

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The interim financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018. The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

Fujairah Building Industries P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2019 (unaudited)

6. Revenue

	Three month period ended 31 March	
	2019 AED	2018 AED
Sale of goods – <i>point in time</i>	59,813,777	65,338,306
Contract revenue – <i>over time</i>	368,115	1,657,050
	-----	-----
	60,181,892	66,995,356
	=====	=====

7. Selling and distribution expenses

	Three month period ended 31 March	
	2019 AED	2018 AED
<i>This includes the following:</i>		
Staff costs	2,349,813	2,290,479
Vehicle expenses	1,294,694	1,149,322
Depreciation (refer note 11)	662,725	603,896
Advertisement and business promotion	493,619	678,083
Government fees on quarry sales	429,166	1,145,098
Insurance	81,699	81,149
Legal and professional fee	65,096	175,351
Rent expense	55,060	731,007
Telephone and communication	46,998	49,373
	=====	=====

8. Administrative expenses

	Three month period ended 31 March	
	2019 AED	2018 AED
<i>This includes the following:</i>		
Staff costs	2,825,609	2,548,949
Depreciation (refer note 11)	1,344,360	1,097,769
Legal and professional fee	711,688	423,934
Telephone and communication	190,227	131,491
Provision for slow-moving inventories (refer note 13)	130,566	1,945,379
Rent expense	44,943	326,989
Insurance	44,854	34,101
Vehicle expenses	48,116	81,175
	=====	=====

Fujairah Building Industries P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial statements
for the three month period ended 31 March 2019 (unaudited)

9. Finance income and expenses

	Three month period ended 31 March	
	2019 AED	2018 AED
<i>Finance expenses</i>		
Interest on bank borrowings	384,098	529,781
Interest on lease liabilities	441,462	-
	-----	-----
	825,560	529,781
	-----	-----
<i>Finance income</i>		
Interest on fixed deposits with banks	(366,319)	(177,942)
	-----	-----
Finance expense – net	459,241	351,839
	=====	=====

10. Other income

Other income for the three month period ended 31 March 2019 (unaudited) mainly comprises of reversal of excess unclaimed provisions of AED 0.93 million (*three month period ended 31 March 2018 (unaudited): Nil*).

11. Property, plant and equipment

Additions (unaudited)

During the three month period ended 31 March 2019, the Group acquired assets amounting to AED 1.13 million (*three month period ended 31 March 2018 (unaudited): AED 2.43 million*).

Right-to-use asset (unaudited)

During the current period, in line with the initial adoption of IFRS 16, the Group has recognised right-of-use asset amounting to AED 72.72 million (*three month period ended 31 March 2018 (unaudited) : Nil*) which has been classified under buildings and leasehold improvements and motor vehicles categories (refer note 3.1(i)). Depreciation charge of AED 1.47 million (*three month period ended 31 March 2018 (unaudited): Nil*) has been recorded based on the lease term of the respective leases. Also refer note 19.

Depreciation (unaudited)

The depreciation has been allocated as follows:

	Three month period ended 31 March	
	2019 AED	2018 AED
Cost of sales	6,273,784	5,812,269
Selling and distribution expenses (refer note 7)	662,725	603,896
Administrative expenses (refer note 8)	1,344,360	1,097,769
	-----	-----
	8,280,869	7,513,934
	=====	=====

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Notes to the condensed consolidated interim financial statements
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12. Investments carried at fair value through other comprehensive income (FVOCI)

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Equity securities		
Quoted securities	57,459,350	56,691,652
Unquoted securities	1,290,000	1,290,000
	-----	-----
Total investments carried at FVOCI	58,749,350	57,981,652
Less: Investments related to discontinued operations recorded under current assets	(551,582)	(559,543)
	-----	-----
Non-current portion of investments carried at FVOCI	58,197,768	57,422,109
	=====	=====

During the current period, gain on fair valuation of investments amounting to AED 0.77 million (*three month period ended 31 March 2018 (unaudited): loss of AED 15.51 million*) was recorded in other comprehensive income.

13. Inventories

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
<i>Continuing operations</i>		
Raw materials	4,720,261	2,991,919
Finished goods	17,288,232	17,091,844
Spare parts	22,644,942	23,568,475
Consumables	5,772,701	9,154,997
	-----	-----
	50,426,136	52,807,235
Less: provision for slow-moving inventories	(19,658,231)	(19,527,665)
	-----	-----
Inventories relating to continuing operations (a)	30,767,905	33,279,570
	-----	-----
<i>Discontinued operations</i>		
Finished goods	3,578,621	3,713,342
Spare parts	2,434,117	2,434,117
Consumables	52,937	52,937
	-----	-----
	6,065,675	6,200,396
Less: Allowance for slow-moving inventories	(3,578,565)	(3,578,565)
	-----	-----
Inventories relating to discontinued operations (b)	2,487,110	2,621,831
	-----	-----
Total inventories – net (a) + (b)	33,255,015	35,901,401
	=====	=====

During the current period, allowance for slow moving inventories amounting to AED 0.13 million (*three month period ended 31 March 2018: AED 1.94 million*) was recorded in profit or loss.

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14. Trade receivables

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Trade receivables	77,643,546	75,069,058
Less: impairment loss on trade receivables (refer below)	(19,473,404)	(19,219,382)
	----- 58,170,142 =====	----- 55,849,676 =====

During the current period, impairment loss on trade receivables amounting to AED 0.25 million (three month period ended 31 March 2018: AED 0.29 million) was recorded in profit or loss.

15. Advances, deposits and other receivables

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Insurance claim receivables (refer (i) below)	2,633,993	4,877,345
Advances	1,653,404	1,688,656
Retention receivable	1,606,258	1,549,413
Prepayments	1,468,565	1,581,750
Dividend receivable	1,245,004	-
Deposits	424,534	428,493
Other receivables	388,321	126,597
	-----	-----
Total advances, deposits and other receivables (a)	9,420,079	10,252,254
<i>Less: non-current portion</i>		
Deposits	(364,000)	(364,000)
Retention receivable	(156,713)	(206,419)
	-----	-----
Non-current portion of advances, deposits and other receivables (b)	(520,713)	(570,419)
	-----	-----
Current portion of advances, deposits and other receivables (a) – (b)	8,899,366	9,681,835
	=====	=====

- (i) This represents insurance claim receivable in respect of damage suffered and business interruption loss incurred from flood in October 2018 against which AED 3 million has been received from the insurance provider during the current period.

During the current period, management performed a reassessment of the insurance claim entitlement and has recorded an additional claim amounting to AED 0.69 million.

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16. Cash in hand and at banks

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Cash in hand	314,392	184,168
Cash with investment broker	907,273	907,273
Bank balances – current accounts	23,117,936	25,144,523
	-----	-----
	24,339,601	26,235,964
	=====	=====

17. Trade and other payables

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Trade payables	29,750,218	34,092,051
Advances from customers	4,432,031	3,269,903
Accruals	4,528,839	5,742,580
Staff provisions	1,583,563	1,170,631
Dividends payable	29,963	29,963
Interest payable	251,280	269,518
VAT payable	615,801	604,815
	-----	-----
	41,191,695	45,179,461
	=====	=====

18. Bank borrowings

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Term loan 1	-	712,042
Term loan 2	26,666,667	28,444,444
	-----	-----
	26,666,667	29,156,486
Less: current portion of bank borrowings	(7,111,111)	(7,823,153)
	-----	-----
Non-current portion of bank borrowings	19,555,556	21,333,333
	=====	=====

- i) Bank borrowings are secured by corporate guarantee by the Company, assignment of insurance policies covering buildings, plant and machinery and hypothecation of certain vehicles in favour of the bank.
- ii) During the current period, borrowings amounting to AED 2.5 million (three month period ended 31 March 2018: AED 6.43 million) have been settled.

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for the three month period ended 31 March 2019 (unaudited)

19. Lease liabilities

During the current period, the Group has recorded lease liabilities amounting to AED 71.99 million upon adoption of IFRS 16. Also refer note 3.1(i).

Maturity analysis of contractual undiscounted cash flows

	31 March 2019 AED (Unaudited)
Less than one year	11,860,321
One to five years	31,609,094
More than five years	58,491,015

Total undiscounted lease liabilities at 31 March 2019	101,960,430 =====

Lease liabilities included in the statement of financial position

	31 March 2019 AED (Unaudited)
Lease liabilities	70,878,860
Less: current portion of lease liabilities	(7,337,696)

Non-current portion of lease liabilities	63,541,164 =====

Amounts recognised in profit or loss

	Three month period ended 31 March 2019 AED (Unaudited)
Interest on lease liabilities	441,462
Depreciation expense	1,468,789

Net impact for the period	1,910,251 =====

Amounts recognised in statement of cash flows

	Three month period ended 31 March 2019 AED (Unaudited)
Total cash outflows for leases	(1,551,798) =====

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20. Share capital

	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
<i>Authorised, issued and paid-up</i>		
135,987,500 shares of AED 1 each	135,987,500	135,987,500
	=====	=====

21. Retained earnings

Dividend

At the Annual General Meeting held on 19 March 2019, the shareholders approved a 10% cash dividend totaling to an amount of AED 13.6 million which has been paid during the period.

Board of directors' remuneration

At the Annual General Meeting held on 19 March 2019, the shareholders also approved the directors' fee amounting to AED 1.26 million for the year ended 31 December 2018, which has been paid during the current period.

22. Related party transactions and balances

The Group enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24 "Related Party Disclosures". 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.

Significant related party transactions during the period were as follows:

	Three month period ended 31 March	
	2019 AED (Unaudited)	2018 AED (Unaudited)
Purchases from related parties	1,665,893	1,725,421
Sales to related parties	2,165,916	337,983
	=====	=====
Compensation to key management personnel is as follows:		
Short term benefits	1,623,009	1,159,370
Provision towards staff terminal benefits	54,339	47,863
	=====	=====
Related party balances		
	31 March 2019 AED (Unaudited)	31 December 2018 AED (Audited)
Balances due from related parties (included in trade receivables)	4,689,434	7,005,040
	=====	=====
Balances due to related parties (included in trade and other payables)	3,012,903	2,980,723
	=====	=====

Fujairah Building Industries P.J.S.C. and its subsidiaries

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for the three month period ended 31 March 2019 (unaudited)

23. Segment reporting

Management has determined the operating segments based on segments identified for the purpose of allocating resources and assessing performance. The Group is organised into three major operating segments: Quarrying, manufacturing and others. Information regarding the operations of each separate segment is included below:

	Continuing operations					Discontinued operations	
	Quarrying	Manufacturing	Other	Eliminations	Total	Ceramic products	Total
Three month period ended							
31 March 2019							
Revenue	6,111,466	56,947,736	-	(2,877,310)	60,181,892	150,616	60,332,508
Profit	645,871	10,220,500	2,477,039	-	13,343,410	10,049	13,353,459
Depreciation	685,741	7,515,322	79,806	-	8,280,869	-	8,280,869
Three month period ended							
31 March 2018							
Revenue	10,945,397	59,691,738	-	(3,641,779)	66,995,356	399,707	67,395,063
Profit/(loss)	(135,156)	12,252,164	777,927	17,750	12,912,685	88,813	13,001,498
Depreciation	844,245	6,593,214	94,225	(17,750)	7,513,934	-	7,513,934
At 31 March 2019							
Total assets	24,906,853	357,904,357	308,144,250	(244,218,132)	446,737,328	4,180,259	450,917,587
Total liabilities	9,813,296	165,595,980	43,174,969	(69,279,553)	149,304,692	1,073,524	150,378,216
At 31 December 2018							
Total assets	25,316,074	290,086,543	306,907,405	(238,267,654)	384,042,368	3,627,078	387,669,446
Total liabilities	11,491,499	100,323,509	49,838,127	(75,783,081)	85,870,054	522,428	86,392,482

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24. Earnings per share

	Three months period ended 31 March	
	2019	2018
Profit for the period (AED)	13,353,459	13,001,498
	=====	=====
Earnings per share (AED) – basic and diluted	0.098	0.096
	=====	=====
<i>Continuing operations</i>		
Profit for the period (AED)	13,343,410	12,912,685
	=====	=====
Earnings per share (AED) – basic and diluted	0.098	0.095
	=====	=====
<i>Discontinued operations</i>		
Profit for the period	10,049	88,813
	=====	=====
Earnings per share (AED) – basic and diluted	0.000	0.001
	=====	=====

There was no dilution effect on the basic earnings per share, as the Company does not have any such outstanding commitments as at the reporting dates.

25. Financial instruments

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2018.

Financial assets consist of cash and cash equivalents, trade receivables, other receivables and investments carried at FVOCI. Financial liabilities consist of bank borrowings, lease liabilities and trade and other payables.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

Valuation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets measured at fair value are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2018.

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
31 March 2019				
Investments carried at FVOCI	57,459,350	-	1,290,000	58,749,350
	=====	===	=====	=====
31 December 2018				
Investments carried at FVOCI	56,691,652	-	1,290,000	57,981,652
	=====	===	=====	=====

During the period ended 31 March 2019 and year ended 31 December 2018, there were no transfers between the various levels of fair value measurements.

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26. Comparative amounts

Certain comparative figures have been regrouped/reclassified, where necessary, to conform to the presentation adopted in these interim financial statements.

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