

**Fujairah Building Industries P.J.S.C.
and its subsidiaries (the "Group")
Fujairah - United Arab Emirates**

**Independent auditor's review report and
condensed consolidated interim financial information
For the three month period ended March
31, 2018 (unaudited)**

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Table of contents

	<u>Pages</u>
General information	1
Report of the Board of Directors	2
Independent auditor's report on review of condensed consolidated interim financial information	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of profit or loss	5
Condensed consolidated interim statement of other comprehensive income	6
Condensed consolidated interim statement of changes in shareholders' equity	7
Condensed consolidated interim statement of cash flows	8
Notes to the condensed consolidated interim financial information	9 - 21

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")
Fujairah - United Arab Emirates

General information

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Fujairah - United Arab Emirates

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Condensed consolidated interim statement of changes in shareholders' equity

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Fair value reserve of investments carried at FVTOCI</u>	<u>Retained earnings</u>	<u>Total shareholders' equity</u>
Balance as at December 31, 2016 (Audited)	135,987,500	29,849,594	34,550,705	42,709,242	243,097,041
Profit for the period	-	-	-	7,922,448	7,922,448
Change in fair value of investments carried at FVTOCI	-	-	(13,701,342)	-	(13,701,342)
Total comprehensive income	-	-	(13,701,342)	7,922,448	(5,778,894)
Balance as at March 31, 2017 (Unaudited)	<u>135,987,500</u>	<u>29,849,594</u>	<u>20,849,363</u>	<u>50,631,690</u>	<u>237,318,147</u>
Balance as at December 31, 2017 (Audited)	135,987,500	32,397,895	39,318,997	58,274,579	265,978,971
Profit for the period	-	-	-	13,001,498	13,001,498
Change in fair value of investments carried at FVTOCI	-	-	(15,512,256)	-	(15,512,256)
Remuneration to the Board of Directors	-	-	-	(970,000)	(970,000)
Total comprehensive income	-	-	(15,512,256)	12,031,498	(3,480,758)
Dividends paid	-	-	-	(10,199,063)	(10,199,063)
Balance as at March 31, 2018 (Unaudited)	<u>135,987,500</u>	<u>32,397,895</u>	<u>23,806,741</u>	<u>60,107,014</u>	<u>252,299,150</u>

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

The review report of the auditor is set out on page 3.

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Condensed consolidated interim statement of cash flows

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	Jan 01, 2018 to	Jan 01, 2017 to
	Mar 31, 2018	Mar 31, 2017
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit for the period from continuing operations	12,912,685	8,882,140
Profit/(loss) for the period from discontinued operations	88,813	(959,692)
Profit for the period	13,001,498	7,922,448
Impairment of property, plant and equipment	351	87,047
Depreciation on property, plant and equipment	7,513,934	8,078,897
Allowance for slow-moving inventories	1,945,379	1,448,989
Allowance for doubtful debts	294,744	988,925
Provision for employees' end of service benefits	271,337	293,919
Finance costs	529,781	919,547
Operating profit before changes in operating assets and liabilities	23,557,024	19,739,772
<i>(Increase)/decrease in current assets</i>		
Inventories	3,383,255	514,571
Trade receivables	(6,604,540)	5,649,515
Advances, deposits and other receivables	(4,523,784)	(830,126)
<i>Increase/(decrease) in current liabilities</i>		
Trade and other payables	4,084,355	(3,444,188)
Cash generated from operations	19,896,310	21,629,544
Employees' end-of-service benefits paid	(167,462)	(544,072)
Finance costs paid	(562,325)	(1,336,201)
Net cash from operating activities	19,166,523	19,749,271
Cash flows from investing activities		
Fixed deposits	-	8,000,000
Acquisition of property, plant and equipment	(2,425,132)	(3,919,131)
Net cash (used in)/from investing activities	(2,425,132)	4,080,869
Cash flows from financing activities		
Proceeds from term loans	-	3,000,000
(Repayment) of term loans	(6,432,435)	(6,464,898)
Proceeds of other bank borrowings - net	171,403	17,502
Dividends paid	(10,199,063)	-
Remuneration to the Board of Directors	(970,000)	-
Net cash (used in) financing activities	(17,430,095)	(3,447,396)
Net (decrease)/increase in cash and cash equivalents	(688,704)	20,382,744
Cash and cash equivalents, beginning of the period	12,123,482	18,214,151
Cash and cash equivalents, end of the period	11,434,778	38,596,895
Cash and cash equivalents		
Cash in hand	238,809	232,001
Bank balances - current accounts	11,195,969	38,364,894
	11,434,778	38,596,895

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

The review report of the auditor is set out on page 3.

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

1 Legal status and business activities

- 1.1** M/s. **Fujairah Building Industries P.J.S.C.** (the "Entity") was incorporated 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.
- 1.2** The Entity and its subsidiaries (note 2.2) are collectively referred to as the "Group".
- 1.3** The principal activities of the Group comprise production of blocks, interlocks, kerbstones, ceramic tiles, rockwool insulation materials, marble products, terrazzo tiles and quarry products.
- 1.4** The registered address of the Entity is P.O. Box: 383, Fujairah - United Arab Emirates.
- 1.5** This condensed consolidated interim financial information incorporates the operating results of the Commercial license no. 80003 of the Entity and the industrial licenses (note 2.2) of the subsidiaries issued by the municipalities in the Emirate of Fujairah.

2 Basis of preparation and consolidation

2.1 Basis of preparation

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

This condensed consolidated interim financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, and assets and liabilities of a subsidiary, M/s. Emirates Ceramic Factory, that are measured at realisable/settlement values as explained in note 2.3.

The accounting policies and methods of computation adopted in preparing this condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2017. except for the adoption of the new amendments to the standards as mentioned in (note 3).

All aspects of the financial risk management objectives and policies are consistent with that disclosed in the audited consolidated financial statements for the year ended December 31, 2017.

This condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017.

The consolidated result for the three month period ended March 31, 2018 is not necessarily indicative of the consolidated result that may be expected for the financial year ending December 31, 2018.

The preparation of this condensed consolidated 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 consolidated 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 consolidated financial statements for the year ended December 31, 2017.

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

2 Basis of preparation and consolidation (continued)

2.2 Basis of consolidation

This condensed consolidated interim financial information comprises of the operations of the Entity and its subsidiaries detailed below:-

Details of the subsidiaries of the Entity as at the reporting date are as follows:

Sl. No.	Name of subsidiary	Place of incorporation	Industrial license no.	Percentage of ownership	Acquisition year	Principal product
1	M/s. Fujairah National Quarry	Fujairah - U.A.E.	80004	100%	1978	Quarry products
2	M/s. Fujairah Concrete Products	Fujairah - U.A.E.	80095	100%	1978	Blocks, interlocks and kerbstones
3	M/s. Emirates Ceramic Factory	Fujairah - U.A.E.	80007	100%	2006	Ceramic tiles
4	M/s. Fujairah Rockwool Factory	Fujairah - U.A.E.	80008	100%	2006	Rockwool insulation materials
5	M/s. Fujairah Marble and Tiles Factory	Fujairah - U.A.E.	3923	100%	2007	Marble products and terrazzo tiles

A subsidiary is consolidated from the acquisition date, which is the date the Entity gains control over the subsidiary, and lasts till the Entity loses that control. Control usually occurs when the Entity has the power to govern the financial and operating policies of the subsidiary for the purpose of benefiting from its activities. During the current period and the prior year, there were neither acquisitions nor loss of control and the percentage of ownership in the subsidiaries remained same.

All significant transactions and balances among the Entity and subsidiaries are eliminated.

2.3 Discontinued operations

During May 2015, management decided to cease production and completely shutdown the plant and machinery to curtail losses of M/s. Emirates Ceramic Factory, a subsidiary. In the meeting of the Board of Directors held on November 5, 2015, it was resolved that plant and machinery be designated as held for sale. During January 2016, the sale was initiated.

In view of the above, as the going concern assumption is not valid for M/s. Emirates Ceramic Factory, its assets and liabilities are included in this condensed consolidated interim financial information on the basis of the accounting convention of realisable/settlement values whereby assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal and liabilities are carried at the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business. Realisable/settlement values of assets and liabilities are based on the management's best estimate considering any impairment to the historical cost and presented as current assets and current liabilities.

Property, plant and equipment of the M/s. Emirates Ceramic Factory, held for sale since November 5, 2015, are measured at lower of carrying amount and fair value less cost to sell. All operations of M/s. Emirates Ceramic Factory are treated as discontinued operations (note 22) as per International Financial Reporting Standards.

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

3 Significant accounting policies

The accounting policies used in the preparation of condensed interim consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of the following new amendments to the standards effective for the periods beginning on or after January 01, 2018.

- IFRS 9 "Financial instruments";
- IFRS 15 "Revenue from Contracts with Customers"; and
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

Financial assets at FVTOCI

At initial recognition the Group can make irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if equity instrument is held for trading.

A financial asset is held for trading if;

- It has been acquired principally for the purpose of selling it in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the cumulative changes in fair value reserve. the cumulative gain and loss will not be reclassified to the statement of profit or loss on disposal of the investments. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.

The Group has designated all investments in equity instruments that are not held for trading at FVTOCI.

Dividends on these investments in equity instruments are recognized in the statement of profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 "Revenue", unless dividends clearly represent a recovery of part of the cost of the investment.

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

4 Property, plant and equipment

	Buildings and leasehold improvements	Plant and machinery	Heavy equipment and light vehicles	Furniture and fixtures	Capital work-in- progress	Total
Cost						
As at December 31, 2016 (Audited)	102,149,156	309,268,070	64,090,951	13,730,562	11,807,839	501,046,578
Addition during the year	189,650	877,574	1,077,000	259,812	12,670,186	15,074,222
Transferred from capital work-in-progress	8,571,825	12,912,783	-	3,533	(21,488,141)	-
Disposal during the year	(627,597)	(1,418,000)	(2,767,501)	-	-	(4,813,098)
Impairment during the year	(800,000)	(1,410,096)	(74,000)	-	(137,123)	(2,421,219)
As at December 31, 2017 (Audited)	109,483,034	320,230,331	62,326,450	13,993,907	2,852,761	508,886,483
Addition during the period	-	-	135,504	30,400	2,268,842	2,434,746
Impairment during the period	-	-	-	(1,500)	-	(1,500)
As at March 31, 2018 (Unaudited)	109,483,034	320,230,331	62,461,954	14,022,807	5,121,603	511,319,729
Accumulated depreciation						
As at December 31, 2016 (Audited)	56,556,644	184,265,815	48,039,685	12,278,412	-	301,140,556
Charge for the year	6,245,716	20,573,182	3,896,182	853,382	-	31,568,462
Eliminated on disposal during the year	(627,597)	(1,418,000)	(2,767,501)	-	-	(4,813,098)
Eliminated on impairment during the year	(453,151)	(1,402,019)	(74,000)	-	-	(1,929,170)
As at December 31, 2017 (Audited)	61,721,612	202,018,978	49,094,366	13,131,794	-	325,966,750
Charge for the period	1,614,032	4,816,032	935,358	148,512	-	7,513,934
Eliminated on impairment during the period	-	-	-	(1,149)	-	(1,149)
As at March 31, 2018 (Unaudited)	63,335,644	206,835,010	50,029,724	13,279,157	-	333,479,535
Carrying value						
As at March 31, 2018 (Unaudited)	46,147,390	113,395,321	12,432,230	743,650	5,121,603	177,840,194
As at December 31, 2017 (Audited)	47,761,422	118,211,353	13,232,084	862,113	2,852,761	182,919,733

Notes:

- Buildings are constructed on plots of land obtained on lease from the Government of Fujairah and renewed on an annual basis.
- Certain vehicles having carrying value of AED 1,873,164 (December 31, 2017: 1,928,164) are hypothecated against a bank loan (note 16).
- Capital work-in-progress at the end of the reporting period represents plant and machinery being installed/modified in subsidiaries.
- Finance cost capitalised during the period amounted AED 9,614 (March 31, 2017 : Nil).

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	Mar 31, 2018	Dec 31, 2017
	(Unaudited)	(Audited)
5 Investments carried at fair value through other comprehensive income (FVTOCI)		
Equity securities : Quoted	30,946,816	46,459,072
: Unquoted	1,720,000	1,720,000
	32,666,816	48,179,072
<i>Movement in investments carried at FVTOCI is as follows:</i>		
Balance at the beginning of the period/year	48,179,072	43,410,780
Change in fair value (note 14)	(15,512,256)	4,768,292
Balance at the end of the period/year	32,666,816	48,179,072
<i>Comprising:</i>		
Non-current portion	32,125,809	47,612,402
Current portion (note 2.3)	541,007	566,670
	32,666,816	48,179,072
All investments carried at FVTOCI represent investments in local companies in the United Arab Emirates.		
6 Inventories		
<i>Continuing operations</i>		
Raw materials	4,424,990	4,640,202
Finished goods	26,879,853	33,599,648
Spare parts	22,669,766	20,287,046
Consumables	9,073,133	10,735,745
Less: Allowance for slow-moving items	(19,689,167)	(20,833,974)
	(a) 43,358,575	48,428,667
<i>Discontinued operations</i>		
Finished goods	4,421,591	4,680,133
Spare parts	2,434,117	2,434,117
Consumables	52,937	52,937
Less: Allowance for slow-moving items	(2,597,319)	(2,597,319)
	(b) 4,311,326	4,569,868
	(a+b) 47,669,901	52,998,535

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
6 Inventories (continued)		
<i>Movement in allowance for slow-moving inventories is as follows:</i>		
Balance at the beginning of the period/year	23,431,293	22,542,663
Charge during the period/year - continuing operations (note 21)	1,945,379	12,458,408
Charge during the period/year - discontinued operations	-	1,724,054
Written-off during the period/year - continuing operations	(3,090,186)	(8,077,329)
Written-off during the period/year - discontinued operations	-	(5,216,503)
Balance at the end of the period/year	<u>22,286,486</u>	<u>23,431,293</u>
7 Trade receivables		
Trade receivables	81,402,996	74,798,456
Less: Allowance for doubtful debts	(18,316,509)	(18,021,765)
	<u>63,086,487</u>	<u>56,776,691</u>
<i>Movement in allowance for doubtful debts is as follows:</i>		
Balance at the beginning of the period/year	18,021,765	14,787,066
Charge during the period/year - continuing operations (note 21)	294,744	4,020,262
Written-off during the period/year	-	(664,247)
Reversal during the period/year	-	(121,316)
Balance at the end of the period/year	<u>18,316,509</u>	<u>18,021,765</u>
8 Advances, deposits and other receivables		
Prepayments	5,417,198	1,755,951
Advances to suppliers	1,244,358	1,787,004
Other receivables	1,885,263	480,080
	<u>8,546,819</u>	<u>4,023,035</u>
9 Fixed deposits		
Fixed deposits with bank	<u>22,000,000</u>	<u>22,000,000</u>
Fixed deposit amounting to AED 7,000,000 is under lien against credit facilities (note 16).		
10 Cash and bank balances		
Cash in hand	238,809	142,482
Bank balances - current accounts	11,195,969	11,981,000
	<u>11,434,778</u>	<u>12,123,482</u>

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

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

		Mar 31, 2018	Dec 31, 2017
		(Unaudited)	(Audited)
11 Share capital			
Number of shares	(Nos.)	135,987,500	135,987,500
Nominal value per share	(AED)	1	1
Issued and fully paid-up share capital	(AED)	135,987,500	135,987,500
		Jan 01, 2018 to Mar 31, 2018	Jan 01, 2017 to Mar 31, 2017
		(3 months)	(3 months)
		(Unaudited)	(Unaudited)
12 Basic and diluted earnings/(loss) per share			
<i>Continuing operations</i>			
Profit for the period from continuing operations	(AED)	12,912,685	8,882,140
Weighted average number of shares	(Nos.)	135,987,500	135,987,500
Basic and diluted earnings per share	(U.A.E. Fils)	9.5	6.5
<i>Discontinued operations</i>			
Profit/(loss) for the period from discontinued operations	(AED)	88,813	(959,692)
Weighted average number of shares	(Nos.)	135,987,500	135,987,500
Basic and diluted earning/(loss) per share	(U.A.E. Fils)	0.1	(0.7)
		Mar 31, 2018	Dec 31, 2017
		(Unaudited)	(Audited)
13 Statutory reserve			
Balance at the beginning of the period/year		32,397,895	29,849,594
Transferred from net profit (note 15)		-	2,548,301
Balance at the end of the period/year		32,397,895	32,397,895
According to the Articles of Association of the Entity and Article 239 of the UAE Federal Law No. (2) of 2015, 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.			
14 Fair value reserve of investments carried at FVTOCI			
Balance at the beginning of the period/year		39,318,997	34,550,705
Change in fair value (note 5)		(15,512,256)	4,768,292
Balance at the end of the period/year		23,806,741	39,318,997
15 Retained earnings			
Balance at the beginning of the period/year		58,274,579	42,709,242
Profit for the period/year		13,001,498	25,483,013
Transferred to statutory reserve (note 13)		-	(2,548,301)
Dividends paid*		(10,199,063)	(6,799,375)
Remuneration to the Board of Directors		(970,000)	(570,000)
Balance at the end of the period/year		60,107,014	58,274,579

*During the period, a cash dividend of 7.5% (2017: 5%) of the paid-up share capital, amounting to AED 10,199,063 for the year 2017 (2017: AED 6,799,375 for the year 2016) was paid as approved in the shareholders' general assembly held on March 12, 2018.

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
16 Bank borrowings		
(a) Term loans		
Balance at the beginning of the period/year	50,044,477	69,836,750
Received during the period/year	-	3,000,000
Repaid during the period/year	<u>(6,432,435)</u>	<u>(22,792,273)</u>
Balance at the end of the period/year	<u>43,612,042</u>	<u>50,044,477</u>
<i>Comprising:</i>		
Non-current portion	18,412,042	24,712,042
Current portion	<u>25,200,000</u>	<u>25,332,435</u>
	<u>43,612,042</u>	<u>50,044,477</u>
<i>Break-up of term loans</i>		
Term loan 1	15,112,042	19,912,042
Term loan 2	28,500,000	30,000,000
Term loan 3	-	132,435
	<u>43,612,042</u>	<u>50,044,477</u>

Term loan 1

During 2008, the Group was sanctioned a medium term loan by a local bank for AED 120 million to finance the construction of a rockwool factory and installation of new plant and machinery therein. This loan was rescheduled in July 2014 to be repaid in 54 equal monthly installments of AED 1.6 million, exclusive of interest, commenced in August 2014 and ending in January 2019.

Term loan 2

During 2015, the Group was sanctioned a medium term loan by a local bank for AED 89 million to finance the installation of plant and machinery and construction of labour camp. The drawn down amount of AED 30 million up to September 30, 2017 is scheduled to be repaid in 20 equal quarterly installments of AED 1,500,000, exclusive of interest, commenced in January 2018 and ending in October 2022.

Term loan 3

This loan was settled during the period.

Interest calculated on monthly basis, at commercial rate, is paid on due dates.

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
16 Bank borrowings (continued)		
(b) Other bank borrowings		
Bank overdraft	<u>171,403</u>	<u>-</u>
Bank borrowings - non-current portion		
Term loans (refer a)	<u>18,412,042</u>	<u>24,712,042</u>
Bank borrowings - current portion		
Term loans (refer a)	<u>25,200,000</u>	<u>25,332,435</u>
Other bank borrowings (refer b)	<u>171,403</u>	<u>-</u>
	<u>25,371,403</u>	<u>25,332,435</u>
Total bank borrowings	<u>43,783,445</u>	<u>50,044,477</u>
Bank borrowings are secured by:-		
i) Corporate guarantee of the Entity.		
ii) Assignment of certain insurance policies, covering buildings, plant and machinery, in favour of the bank.		
iii) Lien over fixed deposit of AED 7,000,000 (note 9).		
iv) Hypothecation of certain vehicles (note 4).		
17 Employees' end of service benefits		
Balance at the beginning of the period/year	<u>11,451,609</u>	<u>12,578,022</u>
Add: Charge for the period/year	<u>271,337</u>	<u>1,317,056</u>
Less: Paid during the period/year	<u>(167,462)</u>	<u>(2,443,469)</u>
Balance at the end of the period/year	<u>11,555,484</u>	<u>11,451,609</u>
<i>Comprising:</i>		
Non-current portion	<u>11,390,327</u>	<u>11,288,249</u>
Current portion (note 2.3)	<u>165,157</u>	<u>163,360</u>
	<u>11,555,484</u>	<u>11,451,609</u>
18 Trade and other payables		
Trade payables	<u>35,987,144</u>	<u>38,058,461</u>
Advances received from customers	<u>5,710,409</u>	<u>2,268,157</u>
Accruals	<u>6,654,700</u>	<u>5,071,893</u>
Staff provisions	<u>6,321,549</u>	<u>5,828,032</u>
Interest payable	<u>266,055</u>	<u>288,985</u>
Other payables	<u>667,059</u>	<u>29,963</u>
	<u>55,606,916</u>	<u>51,545,491</u>
	<u>Jan 01, 2018 to</u>	<u>Jan 01, 2017 to</u>
	<u>Mar 31, 2018</u>	<u>Mar 31, 2017</u>
	<u>(3 months)</u>	<u>(3 months)</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
19 Revenue		
Sales: Within U.A.E.	<u>65,573,026</u>	<u>57,470,448</u>
: Outside U.A.E.	<u>1,422,330</u>	<u>2,855,952</u>
	<u>66,995,356</u>	<u>60,326,400</u>

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	Jan 01, 2018 to	Jan 01, 2017 to
	Mar 31, 2018	Mar 31, 2017
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
20 Selling and distribution expenses		
Salaries and other related benefits	2,290,479	2,459,673
Vehicle expenses	1,149,322	1,311,188
Rent	731,007	855,005
Insurance	81,149	107,841
Telephone and communication	49,373	57,159
Advertisement and business promotion	678,083	397,403
Government fees on quarry sales	1,145,098	287,977
Hired transportation	423,579	594,005
Depreciation on property, plant and equipment	603,896	487,130
Legal, visa, professional and related expenses	175,351	143,628
Others	311,185	421,674
	7,638,522	7,122,683
21 Administrative expenses		
Salaries and related benefits	2,548,949	3,811,364
Vehicle expenses	81,175	136,325
Rent	326,989	167,408
Insurance	34,101	19,302
Legal, visa, professional and related expenses	423,934	274,411
Telephone and communication	131,491	133,336
Utilities	41,377	33,181
Depreciation on property, plant and equipment	1,097,769	674,393
Allowance for slow-moving inventories (note 6)	1,945,379	1,448,989
Allowance for doubtful debts (note 7)	294,744	988,925
Impairment loss on property, plant and equipment	351	87,047
Others	539,574	306,179
	7,465,833	8,080,860
22 Discontinued operations		

During May 2015, management decided to cease production and completely shutdown the plant and machinery to curtail losses of M/s. Emirates Ceramic Factory, a subsidiary. In the meeting of the Board of directors held on November 5, 2015, it was resolved that plant and machinery be designated as held for sale and to consider operations of the subsidiary as discontinued operations (note 2.3).

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

	Jan 01, 2018 to	Jan 01, 2017 to
	Mar 31, 2018	Mar 31, 2017
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
22 Discontinued operations (continued)		
Revenue	399,707	689,615
Finished goods at the beginning of the period	(4,680,133)	(12,414,310)
Finished goods at the end of the period	4,421,591	11,511,252
Cost of sales	(258,542)	(903,058)
Gross profit/(loss)	141,165	(213,443)
Selling and distribution expenses	(63,263)	(98,688)
Administrative expenses	(17,512)	(654,418)
Finance costs	-	(8,529)
Other income	28,423	15,386
Profit/(loss) for the period from discontinued operations	88,813	(959,692)
Net cash flows from/(used in) discontinued operations		
Operating activities	205,474	213,468
Financing activities	-	(226,284)
Net increase/(decrease) in cash and cash equivalents	205,474	(12,816)

23 Related party transactions

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.

	Mar 31, 2018	Dec 31, 2017
	(Unaudited)	(Audited)
a) Balances due from related parties (included in trade receivables)	3,077,617	3,767,015
b) Balances due to related parties (included in trade and other payables)	3,567,910	3,999,232

No bank guarantees are received from or provided to related parties against balances due from/to them.

c) Transactions with related parties

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

	Jan 01, 2018 to	Jan 01, 2017 to
	Mar 31, 2018	Mar 31, 2017
	(3 months)	(3 months)
	(Unaudited)	(Unaudited)
Sales	1,725,421	2,491,040
Purchases	337,983	3,264,265

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirham)

24 Business segments

The Group has broadly four reportable segments, including discontinued operations, as discussed below which are the Group's strategic business units which operate in different sectors and are managed separately because of different strategies and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

All operating segments' results are reviewed regularly by the Group's executive management to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

	<u>Continuing operations</u>				<u>Total - continuing operations</u>	<u>Discontinued operations</u>			<u>Total</u>
	<u>Quarrying</u>	<u>Manufacturing</u>	<u>Other</u>	<u>Eliminations</u>		<u>Ceramic products - Discontinued operations</u>	<u>Eliminations</u>	<u>Total - discontinued operations</u>	
<u>For the period ended</u>									
<u>March 31, 2018</u>									
Revenue	10,945,397	59,691,738	-	(3,641,779)	66,995,356	399,707	-	399,707	67,395,063
(Loss)/profit	(135,156)	12,252,164	777,927	17,750	12,912,685	88,813	-	88,813	13,001,498
Depreciation	844,245	6,593,214	94,225	(17,750)	7,513,934	-	-	-	7,513,934
<u>For the period ended</u>									
<u>March 31, 2017</u>									
Revenue	5,298,337	58,578,699	-	(3,550,636)	60,326,400	689,615	-	689,615	61,016,015
Profit/(loss)	(27,371)	8,826,003	65,758	17,750	8,882,140	(959,692)	-	(959,692)	7,922,448
Depreciation	1,132,702	6,767,831	196,114	(17,750)	8,078,897	-	-	-	8,078,897
<u>As at March 31, 2018</u>									
Total assets	34,471,212	316,832,069	287,493,868	(280,905,816)	357,891,333	5,353,662	-	5,353,662	363,244,995
Total liabilities	17,862,932	132,093,597	47,048,847	(86,482,210)	110,523,166	422,679	-	422,679	110,945,845
<u>As at December 31, 2017</u>									
Total assets	36,914,911	317,349,910	281,994,504	(262,569,420)	373,689,905	5,330,643	-	5,330,643	379,020,548
Total liabilities	20,507,050	133,963,256	40,146,875	(82,038,572)	112,578,609	462,968	-	462,968	113,041,577

Fujairah Building Industries P.J.S.C. and its subsidiaries (the "Group")

Fujairah - United Arab Emirates

Notes to the condensed consolidated interim financial information

For the three month period ended March 31, 2018 (Unaudited)

(In Arab Emirates Dirhams)

25 Seasonality of results

Dividend on investments carried at FVTOCI included under other income depends on market conditions, investment activities of the Group and declaration of profits by investee companies, which are of seasonal nature. Accordingly, consolidated result for the current period is not comparable to that relating to the comparative period and is not indicative of the consolidated result that might be expected for the year ending December 31, 2018.

26 Contingent liabilities

	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Letters of credit	-	946,868
Letter of guarantee	<u>2,700,000</u>	<u>2,800,000</u>

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on the consolidated financial statements as of the reporting date.

27 Commitments

	<u>Mar 31, 2018</u>	<u>Dec 31, 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Capital commitments	<u>7,203,020</u>	<u>8,280,504</u>

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known commitment on the consolidated financial statements as of the reporting date.

28 Comparative amounts

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