



Ras Al Khaimah Ceramics PSC
and its subsidiaries

Condensed consolidated
interim financial information

31 March 2014

Ras Al Khaimah Ceramics PSC and its Subsidiaries

Condensed consolidates interim financial information
31 March 2014

Table of contents

Section A:

1. Report of the Board of Directors

Section B:

1. Independent auditors' report on review of condensed consolidated interim financial information.
2. Condensed consolidated interim financial information.



RAK Ceramics PSC

Report of the Board of Directors

On financial performance during the three months ended on 31 March 2014

30 April 2014

Dear Members,

We find pleasure in presenting our report on business & operations of the Company during the first quarter of the year 2014, along with the Interim Consolidated Financial Information as on 31 March 2014.

Results

During the period, the Company continued to improve its profitability in its core ceramic products segment. Group revenues (AED 793 million) show a marginal decrease of 1.6% compared to same period last year. While Ceramic Products segment revenue (AED 680 million) has increased by 1.8%, revenue in Contracting and other segments have declined by 18.1%. The net profit for the period increased to AED 58.7 million as compared to AED 54.3 million during same period of the last year.

Particulars	Unit	2014 March 31	2013 March 31	Change
Net Revenue	AED Mio	792.7	805.9	(1.6%)
GP Margin	%	29.5%	27.7%	180 bps
Net profit after NCI (Minority)	AED Mio	58.0	50.9	13.9%
Earnings per share	AED	0.078	0.068	14.7%

Particulars	Unit	2014 March 31	2013 December 31	Change
Total Assets	AED Mio	5,802.7	5,679.3	2.2%
Share Capital	AED Mio	743.2	743.2	0.0
Shareholders' Equity	AED Mio	2,685.2	2,473.5	8.6%

CSR Activities in the first quarter

- Support to Rashid Centre for Disabled in publishing their book “Hopes and Expectations of our Handicapped Children” aiming to support children with special needs.
- Participated in Can Collection Day, organized by Emirates Environmental Group, where the employees collected waste aluminium cans from within the company premises which were then sent for recycling.
- One of the sponsors of RAK Terry Fox Run, aimed to raise funds for cancer research projects in the UAE University Hospital- Al Ain.
- Sponsored SP Jain Blood Donation Campaign, aimed at saving thousands of lives through blood transfusion and motivate youth to give back to the community by donating blood.
- Observed Earth Hour by switching off the lights in its production facilities, employee accommodation buildings and offices for one hour in order to spread awareness on environmental sustainability.
- Sponsored the "7th Al Basma Camp for Diabetic Children", organized by RAK Medical District to promote health awareness among community members through programs and events.
- Hosted educational tours comprising of showroom and industry visit for various local universities and schools like SP Jain- Dubai, Higher College of Technology- RAK, Dibba Fujairah School and RAK Academy School. The tours aimed to provide first-hand knowledge about the organizational structures and modes of operation in ceramics industry and bridge the gap between classroom and the real working world.

CSR Awards & Certifications

RAK Ceramics received Environmental Performance Certificate from UAE Ministry of Environment and Water for its outstanding efforts in contributing to a sustainable environment in 2013.

Future Outlook

We are consistent in our efforts to remain world’s single largest manufacturer of ceramic tiles and we strive to enhance our market share by penetrating wide geographies. The recovery in the Europe shall pave way for speedy collections and better realizations.

Financial Reporting

The Interim Consolidated Financial Information of the Company prepared as per the International Financial Reporting Standards (IFRSs), fairly present its financial position, the result of its operation, cash flows and changes in equity. Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment. There are no material events observed which reflect company’s inability to continue as a going concern.

Vote of Thanks

The Board would like to take this opportunity to thank Government Bodies, the shareholders, investors, bankers & employees for their continuous commitment, co-operation, confidence & continuous support in achieving company’s objectives. Thank you!



Chairman



Director

30 APR 2014



Chief Executive Officer

**Ras Al Khaimah Ceramics PSC
and its subsidiaries**

Condensed consolidated
interim financial information
31 March 2014

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated interim financial information

31 March 2014

<i>Contents</i>	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated income statement	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of financial position	4
Condensed consolidated statement of cash flows	5 - 6
Condensed consolidated statement of changes in equity	7 - 8
Notes to the condensed consolidated interim financial information	9 - 21



KPMG Lower Gulf Limited
P.O.Box 341145
Level 12, IT Plaza Tower
Dubai Silicon Oasis
Dubai
United Arab Emirates

Telephone +971 (4) 356 9500
Main Fax +971 (4) 326 3788
Audit Fax +971 (4) 326 3773
Website: www.ae-kpmg.com

Independent auditors' report on review of condensed consolidated interim financial information

The Shareholders
Ras Al Khaimah Ceramics PSC

Introduction

We have reviewed the accompanying 31 March 2014 condensed consolidated interim financial information of Ras Al Khaimah Ceramics PSC ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2014;
- the condensed consolidated income statement for three month period ended 31 March 2014;
- the condensed consolidated statement of profit or loss and other comprehensive income for three month period ended 31 March 2014;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2014;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2014; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with the 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 consolidated interim financial information as at 31 March 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Muhammad Tariq
(Registration No. 793)
Dubai, United Arab Emirates

Date: 30 APR 2014

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated income statement for the three month period ended 31 March 2014

	Note	Three month period ended 31 March	
		2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)
Revenue		792,745	805,894
Cost of sales	10	(558,751)	(582,349)
Gross profit		233,994	223,545
Administrative and general expenses	6	(74,605)	(61,423)
Selling and distribution expenses	7	(91,572)	(79,265)
Other income		20,895	16,456
Results from operating activities		88,712	99,313
Finance cost		(38,772)	(53,465)
Finance income		5,297	5,176
Share of profit in equity accounted investees	9	8,527	9,591
Gain on net monetary position	22	1,408	-
Profit before tax		65,172	60,615
Tax expense		(6,476)	(6,339)
Profit for the period		58,696	54,276
<i>Profit attributable to:</i>			
Owners of the Company		58,023	50,901
Non-controlling interests		673	3,375
Profit for the period		58,696	54,276
Earnings per share - basic and diluted (AED)	19	0.078	0.068

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income
for the three month period ended 31 March 2014

	<i>Note</i>	Three month period ended 31 March	
		2014	2013
		AED'000	AED'000
		(Unaudited)	(Unaudited)
Profit for the period		58,696	54,276
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		(10,505)	6,304
		-----	-----
Total comprehensive income for the period		48,191	60,580
		=====	=====
<i>Total comprehensive income attributable to:</i>			
Owners of the Company		48,100	55,905
Non-controlling interests		91	4,675
		-----	-----
Total comprehensive income for the period		48,191	60,580
		=====	=====

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of financial position

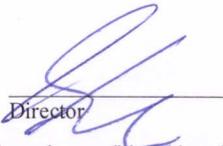
as at 31 March 2014

	Note	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	8	1,176,228	1,117,412
Capital work-in-progress	8	63,589	51,568
Goodwill		50,356	50,356
Intangible assets		20,044	20,459
Investment properties		220,795	222,164
Investments in equity accounted investees	9	202,162	214,329
Long term portion of receivable from related parties	15	185,443	205,162
Deferred tax assets		233	2,678
		<u>1,918,850</u>	<u>1,884,128</u>
Current assets			
Inventories	10	1,169,730	1,115,693
Trade and other receivables	11	1,091,462	1,110,656
Contract work-in-progress		91,336	82,304
Due from related parties	15	988,150	965,420
Cash in hand and at bank	12	521,800	499,518
Assets classified as held for sale		20,312	20,312
Derivative financial assets	17	1,047	1,265
		<u>3,883,837</u>	<u>3,795,168</u>
Total assets		<u>5,802,687</u>	<u>5,679,296</u>
Equity and liabilities			
Equity			
Share capital	13	743,202	743,202
Reserves		1,942,045	1,730,260
Equity attributable to owners of the Company		<u>2,685,247</u>	<u>2,473,462</u>
Non-controlling interests		168,986	165,973
Total equity		<u>2,854,233</u>	<u>2,639,435</u>
Non-current liabilities			
Long term bank loans	16	1,015,103	914,791
Provision for employees' end-of-service benefits		76,217	77,939
Deferred tax liabilities		8,433	7,440
		<u>1,099,753</u>	<u>1,000,170</u>
Current liabilities			
Short-term bank borrowings	16	837,634	909,342
Trade and other payables	14	831,310	980,150
Billing in excess of valuation		4,589	2,330
Provision for taxation		93,052	87,260
Due to related parties	15	80,603	59,109
Liabilities classified as held for sale		1,513	1,500
		<u>1,848,701</u>	<u>2,039,691</u>
Total liabilities		<u>2,948,454</u>	<u>3,039,861</u>
Total equity and liabilities		<u>5,802,687</u>	<u>5,679,296</u>

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial information.

The condensed consolidated interim financial information was authorised for issue by and on behalf of the Board of Directors on


Chairman


Director

30 APR 2014


Chief Executive Officer

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of cash flows for the three month period ended 31 March 2014

	Three month period ended 31 March	
	2014	2013
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit for the period before tax	65,172	60,615
<i>Adjustments for:</i>		
Share of profit in equity accounted investees	(8,527)	(9,591)
Gain on net monetary position	(1,408)	-
Interest expense	14,837	20,317
Interest income	(5,297)	(5,176)
Loss / (gain) on disposal of property, plant and equipment	128	(1,187)
Depreciation on property, plant and equipment	37,524	29,993
Amortization of intangible assets	502	1,048
Capital work in progress written off	2,249	-
Depreciation on investment property	1,794	1,783
Provision for employees' end-of-service benefits	1,810	8,953
	-----	-----
	108,784	106,755
Change in:		
- inventories (including contract work in progress)	9,248	(44,971)
- trade and other receivables	19,194	(66,594)
- due from related parties (including long term)	(755)	-
- asset classified as held for sale	-	991
- trade and other payables (including billings in excess of valuation)	(151,204)	(699)
- due to related parties	7,029	(60,086)
- liabilities classified as held for sale	-	(48)
- derivative financial assets	218	-
- derivative financial liabilities	-	841
- deferred tax assets	2,445	(868)
- deferred tax liabilities	994	742
Income tax paid / (refund)	18,406	(1,280)
Employees' end-of-service benefits paid	(3,675)	(5,103)
Currency translation adjustment	(5,993)	(5,408)
	-----	-----
Net cash from / (used) in operating activities	4,691	(75,728)
	-----	-----
Investing activities		
Acquisition of property, plant and equipment and capital work in progress	(19,522)	(19,988)
Change in bank deposits	3,378	(8,384)
Proceeds from disposal of property, plant and equipment	253	1,426
Acquisition of intangible assets	(275)	-
Cash acquired as part of acquisition of subsidiary	-	8,051
Dividend received from equity accounted investees	20,000	13,447
Interest income received	3,041	5,176
	-----	-----
Net cash from / (used in) investing activities	6,875	(272)
	-----	-----

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of cash flows (continued)

for the three month period ended 31 March 2014

	Three month period ended 31 March	
	2014	2013
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Financing activities		
Long term bank loans availed	147,080	368,879
Long term bank loans repaid	(27,376)	(128,244)
Net movement in short term bank borrowings (net)	(143,001)	(176,915)
Interest expense paid	(14,837)	(20,317)
Funds invested by non-controlling interests	331	-
	-----	-----
Net cash (used in) / from financing activities	(37,803)	43,403
	-----	-----
Net decrease in cash and cash equivalents	(26,237)	(32,597)
Cash and cash equivalents at the beginning of the period	436,004	289,024
	-----	-----
Cash and cash equivalents at the end of the period	409,767	256,427
	=====	=====
Represented by:		
Cash in hand and at bank (net of bank deposits on lien)	488,662	413,829
Bank overdraft	(78,895)	(157,402)
	-----	-----
	409,767	256,427
	=====	=====

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial information.

The independent auditors' report on review of condensed consolidated interim financial information is set out on page 1.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of changes in equity

for the three month period ended 31 March 2014

	-----Attributable to equity holders of the Company-----										
	Share capital	Share premium	Legal reserve	Translation reserves	General reserves	Capital reserves	Retained earnings	Total reserves	Total	Non-controlling interests	Total equity
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 1 January 2013 (audited)	743,202	221,667	287,922	(418,893)	82,805	55,044	1,138,400	1,366,945	2,110,147	147,818	2,257,965
Total comprehensive income for the period (unaudited)											
Profit for the period	-	-	-	-	-	-	50,901	50,901	50,901	3,375	54,276
Other comprehensive income	-	-	-	5,004	-	-	-	5,004	5,004	1,300	6,304
Total comprehensive income	-	-	-	5,004	-	-	50,901	55,905	55,905	4,675	60,580
Transactions with owners recorded Directly in equity (unaudited)											
<i>Other equity movements</i>											
Transfer to legal reserve	-	-	7,680	-	-	-	(7,680)	-	-	-	-
Allocation of legal reserve on acquisition of subsidiary	-	-	27,688	-	-	-	(27,688)	-	-	-	-
<i>Contribution by and distribution to owners of the Company</i>											
Acquisition of subsidiary under common control (refer note 23)	-	-	-	-	-	-	141,876	141,876	141,876	-	141,876
At 31 March 2013 (unaudited)	743,202	221,667	323,290	(413,889)	82,805	55,044	1,295,809	1,564,726	2,307,928	152,493	2,460,421

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial information.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of changes in equity

for the three month period ended 31 March 2014

-----Attributable to equity holders of the Company-----

	Share capital	Share premium	Legal reserve	Translation reserves	General reserves	Capital reserves	Retained earnings	Total reserves	Total	Non-controlling interests	Total equity
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 1 January 2014 (audited)	743,202	221,667	353,855	(464,576)	82,805	55,044	1,481,465	1,730,260	2,473,462	165,973	2,639,435
Total comprehensive income for the period (unaudited)											
Profit for the period	-	-	-	-	-	-	58,023	58,023	58,023	673	58,696
Other comprehensive income	-	-	-	(9,923)	-	-	-	(9,923)	(9,923)	(582)	(10,505)
Total comprehensive income for the period	-	-	-	(9,923)	-	-	58,023	48,100	48,100	91	48,191
<i>Other equity movements</i>											
Transfer to legal reserve	-	-	9,659	-	-	-	(9,659)	-	-	-	-
Hyperinflationary effect (refer note 22)	-	-	-	-	-	-	163,685	163,685	163,685	2,590	166,275
Transactions with owners of the Company											
<i>Changes in ownership interests in subsidiaries</i>											
Funds invested by non-controlling interests	-	-	-	-	-	-	-	-	-	332	332
At 31 March 2014 (unaudited)	743,202	221,667	363,514	(474,499)	82,805	55,044	1,693,514	1,942,045	2,685,247	168,986	2,854,233

The notes on pages 9 to 21 are an integral part of these condensed consolidated interim financial information.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2014 (unaudited)

1 Reporting entity

Ras Al Khaimah Ceramics PSC ("the Company" or "the Holding Company") was incorporated under Emiri Decree No. 6/89 dated 26 March 1989 as a limited liability company in the Emirate of Ras Al Khaimah under the UAE Federal Law No. 8 of 1984 (as amended). Subsequently, under the Emiri Decree No. 9/91 dated 6 July 1991, the legal status of the Company was changed to a Public Shareholding Company. The registered address of the Company is P.O. Box 4714 Al Jazeerah, Al Hamra City, Ras Al Khaimah, United Arab Emirates. The Company is listed on the Abu Dhabi Securities Exchange.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2014 ("the current period") comprise the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in associates and jointly controlled entities.

The principal activities of the Company are manufacturing and sale of a variety of ceramic products including tiles, bathroom sets and sanitary wares. The Company and certain entities in the Group are also engaged in investing in other entities, in UAE or globally, that exercise similar or ancillary activities. Accordingly, the Company also acts as a Holding Company of the Group entities. The Group is also engaged in contracting and other industrial manufacturing activities.

2 Basis of preparation

Statement of compliance

The condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard ("IAS") 34, 'Interim Financial Reporting'. The condensed consolidated interim financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2013.

Accounting estimates and judgements

The preparation of condensed consolidated interim financial information 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 these condensed consolidated interim financial information, 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 to those that were applied in the preparation of the consolidated financial statements of the Group as at and for the year ended 31 December 2013.

3 Significant accounting policies

The accounting policies applied in the preparation of the condensed consolidated interim financial information are consistent with those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2013 except for new standards, interpretations and amendments adopted by the Group as explained in note 4.

4 New standards, interpretations and amendments adopted by the Group

Effective 1 January 2014, following new / amended International Financial Reporting Standards (IFRS) have become effective and have been applied in preparing the condensed consolidated interim financial information:

- Improvement / amendments to IFRSs:
 - IFRS 10 : Consolidated financial statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 27: Separate Financial Statements.
 - IAS 32 : Financial Instruments : Presentation – Offsetting Financial Assets and Financial Liabilities.
 - IAS 36: Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets.
 - IAS 39: Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

5 Financial risk management

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 2013.

6 Administrative and general expenses

	Three month period ended 31 March	
	2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)
<i>These include:</i>		
Staff costs	27,946	29,227
Depreciation	5,703	6,322
Telephone, postal and office supplies	2,221	2,497
Repairs and maintenance	1,360	3,293
Legal and professional fee	2,861	1,422
Amortization of intangible assets	502	986
Impairment loss on trade and other receivables	17,785	6,702
	=====	=====

7 Selling and distribution expenses

	Three month period ended 31 March	
	2014 AED'000 (Unaudited)	2013 AED'000 (Unaudited)
<i>These include:</i>		
Staff costs	17,411	18,461
Performance rebates	24,782	18,495
Freight and transportation	37,641	29,962
Advertisement and promotions	7,780	9,385
Travel and entertainment	610	586
Depreciation	536	680
	=====	=====

8 Property, plant and equipment and capital work in progress

Additions, disposal and depreciation (unaudited)

During the three month period ended 31 March 2014, the Group acquired property, plant and equipment and made additions to capital work in progress amounting to AED 19.52 million (*three month period ended 31 March 2013: AED 19.99 million*).

Property, plant and equipment with net book value of AED 0.38 million were disposed during the current period (*three month period ended 31 March 2013: AED 4.11 million*) resulting in a loss on disposal of AED 0.13 million (*three month period ended 31 March 2013: gain of AED 1.19 million*) which is included in administrative expenses / other income in the condensed consolidated income statement.

Depreciation charge on property, plant and equipment for the current period amounted to AED 37.52 million (*three month period ended 31 March 2013: AED 29.99 million*).

Also refer note 22 for movement in property, plant and equipment due to hyperinflationary accounting.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(unaudited)*

9 Investments in equity accounted investees

During the three month period ended 31 March 2014, the Group has made no further investments *(three month period ended 31 March 2013: Nil)*.

The Group's share of profit in equity accounted investees for the three month period ended 31 March 2014 amounted to AED 8.53 million *(three month period ended 31 March 2013: AED 9.59 million)*.

The Group has received a dividend of AED 20 million during the current period from equity accounted investees *(three month period ended 31 March 2013: AED 13.45 million)*.

In the previous period ended 31 March 2013, the Group derecognised equity accounted investment amounting AED 141.88 million, upon acquisition of full control in a jointly controlled entity (refer note 23).

10 Inventories

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Finished goods (net of net realisable value write down)	618,454	603,885
Less: Provision for slow moving and obsolete inventories	(29,051)	(27,114)
	-----	-----
(A)	589,403	576,771
	-----	-----
Raw materials	315,676	306,042
Goods-in-transit	31,544	39,499
Work-in-progress	22,257	22,239
Stores and spares	248,701	208,655
	-----	-----
	618,178	576,435
Less: Provision for slow moving raw materials and stores and spares	(37,851)	(37,513)
	-----	-----
(B)	580,327	538,922
	-----	-----
Total (A+B)	1,169,730	1,115,693
	=====	=====

At 31 March 2014, the Group has recognised a cumulative loss due to write-down of finished goods inventories of AED 35.91 million against the cost of AED 217.09 million *(31 December 2013: AED 32.54 million against the cost of AED 210.25 million)* to bring them to their net realisable value which were lower than their costs. The difference in write down is included in cost of sales in the condensed consolidated income statement.

Also refer note 22.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

11 Trade and other receivables

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Trade receivables	1,078,174	1,073,704
Less: Allowance for impairment loss	(196,321)	(181,855)
	-----	-----
	881,853	891,849
Advances	105,806	95,951
Deposits	13,084	13,097
Other receivables	90,719	109,759
	-----	-----
	1,091,462	1,110,656
	=====	=====

12 Cash in hand and at bank

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Cash in hand	1,650	1,785
Cash at bank		
- in fixed deposits	110,444	104,553
- in current accounts	326,290	325,327
- in margin deposits	2,392	24,484
- in call accounts	81,024	43,369
	-----	-----
	521,800	499,518
	=====	=====

Cash in hand and cash at bank includes AED 0.37 million (*31 December 2013: AED 0.42 million*) and AED 121.69 million (*31 December 2013: AED 110.10 million*) respectively, held outside UAE.

Fixed deposits are placed with banks for an original maturity period of less than three months and carry interest at normal commercial rates and include AED 33.13 million (*31 December 2013: AED 36.52 million*) which are held by banks under lien against bank facilities availed by the Group.

13 Share capital

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
<i>Authorised, issued and paid up</i>		
170,000,000 shares of AED 1 each paid up in cash	170,000	170,000
573,202,460 shares of AED 1 each issued as bonus shares	573,202	573,202
	-----	-----
	743,202	743,202
	=====	=====

Also refer note 18.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

14 Trade and other payables

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Trade payables	494,413	656,732
Accrued and other expenses	220,327	225,455
Advances from customers	31,912	38,043
Others	84,658	59,920
	-----	-----
	831,310	980,150
	=====	=====

15 Related party transactions

The Group in the ordinary course of business, enters into transaction with other business enterprises that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties of the Group primarily comprise associates, joint ventures, major shareholders and key management personnel. Pricing policies and terms of transactions with related parties are mutually agreed.

Significant transactions carried out with related parties during the period, other than those disclosed elsewhere in the condensed consolidated interim financial information, are as follows:

	Three month period ended 31 March 2014 (Unaudited) AED'000	31 March 2013 (Unaudited) AED'000
Sales	73,166	106,473
Purchases	2,655	1,434
	=====	=====
Compensation to key management personnel:		
Salaries and benefits	6,293	1,849
End of service benefits	226	267
	-----	-----
	6,519	2,116
	=====	=====
	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Due from related parties:		
Equity accounted investees	558,279	514,860
Other related parties	499,049	523,525
Less: Allowance for impairment loss	(69,178)	(72,965)
	-----	-----
	988,150	965,420
	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(unaudited)*

15 Related party transactions (continued)

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Long term receivables from related parties:		
Long term amount receivables from related parties	303,400	303,400
Less: Discounting of long term receivables	(48,349)	(46,093)
	-----	-----
	255,051	257,307
Less: Current portion	(69,608)	(52,145)
	-----	-----
Long term portion	185,443	205,162
	=====	=====

Details of long term receivables from related parties, including terms of repayment are mentioned in the consolidated financial statements of the Group for the year ended 31 December 2013.

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Due to related parties:		
Equity accounted investees	25,568	45,475
Others related parties	55,035	13,634
	-----	-----
	80,603	59,109
	=====	=====

16 Bank borrowings

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
(i) Short term		
Bank overdrafts	78,895	26,997
Short-term loans	371,529	501,215
Trust receipts	35,549	48,861
Current portion of long-term bank loans (refer note (ii) below)	351,661	332,269
	-----	-----
	837,634	909,342
	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(unaudited)*

16 Bank borrowings (continued)

	Three month period ended 31 March 2014 AED'000 (Unaudited)	Year ended 31 December 2013 AED'000 (Audited)
(ii) Long term bank loans		
Opening balance	1,247,060	1,148,644
Add: Availed during the period/year	147,080	1,192,627
Less: Repayments made during the period/year	(27,376)	(1,094,211)
	-----	-----
Closing balance	1,366,764	1,247,060
	-----	-----
Less: Current portion of term loans (refer note (i) above)	(351,661)	(332,269)
	-----	-----
Long-term portion of term loans	1,015,103	914,791
	=====	=====

The details of the long term bank loans, including terms of repayment, interest rate and security provided are mentioned in the consolidated financial statements of the Group for the year ended 31 December 2013. The new long term bank loans availed during the current period are at terms which are consistent with those mentioned in the Group's 2013 consolidated financial statements.

17 Derivative financial instruments

The table below shows the positive and negative fair values of derivative financial instruments, which are equivalent to the market values, together with the notional amounts analysed by term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the reporting date and are neither indicative of the market risk nor credit risk.

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	-----Maturity date-----	
				Within 1 Year AED'000	Between 1 - 5 years AED'000
31 March 2014					
Interest rate swaps	-	281	196,685	196,685	-
Currency swaps	1,328	-	7,509	7,509	-
	-----	-----	-----	-----	--
	1,328	281	204,194	204,194	-
	====	====	=====	=====	=
31 December 2013					
Interest rate swaps	-	471	251,635	251,635	-
Currency swaps	1,736	-	7,322	7,322	-
	-----	-----	-----	-----	--
	1,736	471	258,957	258,957	-
	====	====	=====	=====	=

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*unaudited*)

17 Derivative financial instruments (continued)

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within 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).

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 31 March 2014, the Group held the following classes of financial instruments measured at fair value:

	Level 1	Level 2	Level 3
	AED'000	AED'000	AED'000
31 March 2014			
<i>Financial assets</i>			
Derivative financial assets - net	-	1,047	-
	--	-----	--
	-	1,047	-
	=	=====	=
	Level 1	Level 2	Level 3
	AED'000	AED'000	AED'000
31 December 2013			
<i>Financial assets</i>			
Derivative financial assets - net	-	1,265	-
	--	-----	--
	-	1,265	-
	=	=====	=

During the three month period ended 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Valuation techniques

Derivative financial assets

The fair values of interest rate swap and cross currency swap are based on quotation / rates provided by the counterparty banks and financial institutions.

18 Proposed dividend and directors' fee

- (i) At the Annual General Meeting (AGM) held on 17th April 2014, the shareholders approved 15% cash dividend (AED 0.15 per share) and 10% stock dividend which was proposed by the Board of Directors.
- (ii) At the Annual General Meeting (AGM) held on 17th April 2014, the shareholders approved the proposed Directors' fees amounting to AED 2.4 million for the year ended 31 December 2013.

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*Unaudited*)

19 Earnings per share

	Three month period ended 31 March	
	2014 (Unaudited)	2013 (Unaudited)
Net profit attributable to owners of the Company (AED'000)	58,023	50,901
Weighted average number of shares outstanding ('000)	743,202	743,202
Earnings per share (AED) – basic and diluted	0.078	0.068

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

20 Contingent liabilities and commitments

The Company has issued corporate guarantees for loans and advances from commercial banks obtained by related parties including subsidiaries, joint ventures and associates.

21 Operating lease

As lessor:

Certain Group entities lease out their investment properties under operating leases. The leased properties mainly include a property leased to a third party for a period of 14 years. The Group also has lease arrangement on other properties which run for a period of one to five years with an option to renew the lease after that date. Lease rentals are usually reviewed periodically to reflect market rentals.

	31 March 2014 AED'000 (Unaudited)	31 December 2013 AED'000 (Audited)
Less than one year	18,416	21,753
Between two and five years	51,020	58,160
More than five years	163,649	163,649
	233,085	243,562

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*Unaudited*)

22 Hyperinflationary accounting

IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the statement of financial position date and that corresponding figures for previous periods be stated in the same terms to the latest statement of financial position date. This has been applied in RAK Ceramics PJSC Limited, a subsidiary in Iran, and in Ceramic Ras Al Khaimah Sudanese Investment Company, a subsidiary in Sudan and hence the impact has been calculated by means of conversion factors derived from the Consumer Price Index (CPI). The conversion factors used to restate the financial statements of the subsidiaries are as follows:

	-----Iran-----		-----Sudan-----	
	Index	Conversion factor	Index	Conversion factor
31 March 2014	518	1.060	477	1.045
31 December 2013	489	1.315	457	1.419
31 December 2012	372	1.383	322	1.460
31 December 2011	269	1.224	220	1.212
31 December 2005	104	-	100	1.06
31 December 2004	-	-	94	-

The above mentioned restatement is affected as follows:

- i. Financial statements prepared in the currency of a hyperinflationary economy are stated after applying the measuring unit current at statement of financial position date and corresponding figures for the previous period are stated on the same basis. Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the statement of financial position date. Monetary items are money held and items to be recovered or paid in money;
- ii. Non-monetary assets and liabilities that are not carried at amounts current at the statement of financial position date and components of shareholders' equity are restated by applying the relevant conversion factors;
- iii. Comparative financial statements are restated using general inflation indices in terms of the measuring unit current at the statement of financial position date;
- iv. All items in the income statement are restated by applying the relevant quarterly average or year-end conversion factors; and
- v. The effect on the net monetary position of the Group is included in the consolidated statement of profit or loss as a monetary loss from hyperinflation.

The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies at the subsidiary's level which are used in the preparation of the financial statements under the historical cost conversion. The impact of hyperinflationary accounting on the consolidated financial statements of Sudan and Iran subsidiaries are as follows:

a) Ceramic Ras Al Khaimah Sudanese Investment Company (Sudan)

	31 March 2014 AED'000
<i>Impact on statement of financial position</i>	
Increase in property plant and equipment	79,669
Increase in capital work in progress	528
Increase in inventories	68,167
Increase in net book value	<u>148,364</u>
<i>Allocated to:</i>	
Increase in opening equity due to cumulative hyperinflation since incorporation	153,324
Foreign currency translation reserve	(3,785)
Impact on profit or loss during the current period	<u>(1,175)</u>
	<u>148,364</u>

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(Unaudited)*

22 Hyperinflationary accounting (continued)

b) RAK Ceramics PJSC Limited (Iran)

	31 March 2014 AED'000
<i>Impact on statement of financial position</i>	
Increase in property plant and equipment	6,336
Decrease in intangible assets	(10)
Increase in inventories	4,148

Increase in net book value	10,474
	=====
<i>Allocated to:</i>	
Increase in opening equity and non controlling interest due to hyperinflation since December 2013	12,951
Foreign currency translation reserve	(313)
Impact on profit or loss during the current period	(2,164)

	10,474
	=====

The net impact of hyperinflationary accounting in Sudan and Iran on net monetary position amounts to a gain of AED 1.4 million.

23 Acquisition of subsidiary under common control

Acquisition of a subsidiary in 2013

In 2013, the Company obtained control of Al Hamra Construction Company LLC (a jointly controlled entity until 31 December 2012) by transfer of 50 percent of the shares and voting rights in that entity from a related party at a nominal consideration of AED 100, thereby increasing its shareholding to 100%. Considering that the investee was under common control of the majority shareholders of the Company, the acquisition accounting had been done based on book values at the date of acquisition. Al Hamra Construction Company LLC is engaged mainly in the construction of commercial and residential properties.

The book values of the identifiable assets and liabilities of Al Hamra Construction LLC acquired by the Company were as follows:

	Book value AED'000
Total assets acquired	530,612
	=====
Total liabilities acquired	246,860
	=====
Net assets acquired	283,752
	=====
Consideration paid	-
Book value of pre-existing interest in Al Hamra Construction Company LLC	(141,876)
	=====
Gain on acquisition recognised in equity	141,876
	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information (*continued*)
for the three month period ended 31 March 2014 (*Unaudited*)

24 Segment reporting

The Group has broadly three reportable segments as described below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

<i>Ceramic products</i>	includes manufacture and sale of ceramic wall and floor tiles, Gres Porcellanato and bathware products.
<i>Contracting</i>	includes construction projects, civil works and contracting for the supply, installation, execution and maintenance of electrical and mechanical works.
<i>Other industrial</i>	includes manufacturing and distribution of pharmacy, power, table ware, paints, plastic and gypsum and decorations, glue, chemicals, mines and faucets.
<i>Others</i>	other operations include food and beverages, trading, travel, logistics, real estate and warehousing.

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are regular transactions between the segments and any such transaction is priced on mutually agreed terms.

	Ceramic products AED'000	Contracting AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
<i>Three month period ended 31 March 2014</i>						
External revenue	679,622	51,682	31,236	30,205	-	792,745
Inter segment revenue	58,276	17,844	42,462	28,961	(147,543)	-
	-----	-----	-----	-----	-----	-----
Total revenue	737,898	69,526	73,698	59,166	(147,543)	792,745
	=====	=====	=====	=====	=====	=====
Segment profit / (loss) for the period	72,232	(8,332)	7,570	5,620	(18,394)	58,696
	=====	=====	=====	=====	=====	=====
<i>As at 31 March 2014</i>						
Total assets	6,680,383	857,766	375,404	386,492	(2,497,358)	5,802,687
	=====	=====	=====	=====	=====	=====
Total liabilities	3,445,795	436,885	133,421	185,924	(1,253,571)	2,948,454
	=====	=====	=====	=====	=====	=====
<i>Three month period ended 31 March 2013</i>						
External revenue	667,781	71,705	29,009	37,399	-	805,894
Inter segment revenue	66,402	21,260	35,726	24,812	(148,200)	-
	-----	-----	-----	-----	-----	-----
Total revenue	734,183	92,965	64,735	62,211	(148,200)	805,894
	=====	=====	=====	=====	=====	=====
Segment profit / (loss) for the period	56,576	(2,901)	4,744	9,444	(13,587)	54,276
	=====	=====	=====	=====	=====	=====
<i>As at 31 December 2013</i>						
Total assets	6,479,801	925,561	384,394	394,374	(2,504,834)	5,679,296
	=====	=====	=====	=====	=====	=====
Total liabilities	3,481,618	495,691	128,368	200,000	(1,265,816)	3,039,861
	=====	=====	=====	=====	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2014 *(Unaudited)*

24 Segment reporting (continued)

Reconciliation of reportable segment profit or loss

	31 March 2014 AED'000 (Unaudited)	31 March 2014 AED'000 (Unaudited)
Total profit or loss for reportable segments after tax	69,043	58,134
Elimination of inter-segment profits	(18,874)	(13,449)
Share of profit of equity accounted investees	8,527	9,591
	-----	-----
	58,696	54,276
	=====	=====

25 Subsequent events

On 28th April 2014, one of the major shareholders of the Group has entered into an agreement to sell 250 million shares to, a third party, representing 30.58% of the share capital after taking into account 10% bonus shares as approved by the General Assembly on 17th April 2014.