

**RAK**

CERAMICS

*Close to you worldwide*

Condensed consolidates interim financial information  
*31 March 2015*

# **Ras Al Khaimah Ceramics PSC and its Subsidiaries**

Condensed consolidates interim financial information

*31 March 2015*

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## RAK Ceramics PSC

### Report of the Board of Directors

On financial performance during the three months ending 31 March 2015

07 May 2015

**Dear Members,**

It is our pleasure to present the Business & Operations report for the three month period ending 31 March 2015, along with the Audited Condensed Interim Consolidated Financial Information as on 31 March 2015.

#### Results

During the period, the Company continued executing its re-focused strategy to scale down less profitable Non-Core businesses and focus on Core operations. During the period, the group has completed the sale of its stake in two joint ventures, Laticrete RAK LLC, UAE and RAK Mosfly Pvt. Ltd. Bangladesh, resulting into a gain of AED 37.6 million and AED 0.9 million respectively. It has also completed the sale of its stake in RAK Pharmaceuticals Pvt. Ltd., Bangladesh at a gain of AED 0.6 million. It has completed Share Purchase Agreement relating to its stake in its subsidiary in Sudan. The sale is expected to close in second quarter of 2015

The Group revenue amounted to AED 744 million, marginally higher than the same period of last year. Although core revenue dipped by 5.8% to AED 656 million, core gross margin increased by 90 bps to 30.2%. This has prevailed amid continuing challenges in economic conditions like 10.5% depreciation of Euro and 12.5% increase in the gas prices. The revenue has dropped mainly due to lower tiles sales and lower exchange rates compared to same period in last year. The cost saving initiatives include reduction in raw material and freight procurement. However, the foreign exchange loss during the period amounted to AED 21.1 million against last years' gain of AED 2.5 million during same period.

The net profit for the period from the continuing operations amounted to AED 61.7 million (AED 64.5 million in same period in 2014). This is after effect of hyperinflation in both the periods and the effect of impairment provision relating to subsidiary in Sudan, based on Share Purchase Agreement, AED 48.4 million and gain on sale of stake in group companies AED 39.1 million during the current period. The adjusted net profit (adjusted for hyper-inflation loss) amounted to AED 75.8 million during the period against AED 62.0 million during same period of last year.

#### Financial highlights for the three month period ended 31 March 2015

Particulars	Unit	YTD 2015 March 31	YTD 2014 March 31	Change
Total Revenue	AED Mio	744.1	740.8	0.4%
Gross Profit	AED Mio	215.1	213.2	0.9%
GP Margin	%	28.9%	28.8%	10 bps
EBITDA	AED Mio	130.5	134.2	(2.8%)
EBITDA Margin	%	17.5%	18.1%	(60 bps)
Reported Net Income	AED Mio	60.4	58.7	2.9%

Effect of Hyper-inflation	AED Mio	15.4	3.3	366.6%
Adjusted Net Income	AED Mio	75.8	62.0	22.3%
Reported Profit after NCI (Minority)	AED Mio	57.9	58.0	(0.2%)
Reported Earnings per share	AED	0.07	0.07	-
Reported Earnings per share from Continuing Operations	AED	0.07	0.08	(12.5%)
		<b>2015</b>	<b>2014</b>	<b>Change</b>
		<b>March 31</b>	<b>December 31</b>	
Total Assets	AED Mio	6,169.8	5,999.9	2.6%
Share Capital	AED Mio	817.5	817.5	-
Shareholders' Equity	AED Mio	3,100.2	3,034.8	2.2%
Net Debt#	AED Mio	1,366.7	1,411.2	(3.2%)
Net Debt / EBITDA	Times	2.6	2.4	-
Cost of Debt	%	2.8%	3.0%	(20 bps)

\* Core ceramic tiles, sanitary ware & table ware revenue represents consolidated sales from production locations. Non-core revenue represents contracting & other activities.

# Includes cash & bank balances of discontinued operations.

### Corporate Social Responsibility & Other Activities during the year

The company continued to re-affirm its commitment towards the protection of environment and socio-economic development in the following ways:

**Visits and Educational Tours** We were delighted to welcome several visitors to our Headquarters including the Luxembourg Ambassador, students from Fortune Institute Of International Business, New Delhi, India.

**Charity Participation** RAK Ceramics was proud to take part in the 6th annual RAK Terry Fox Run for Cancer Research at the Al Qawasim Corniche. Over 100 employees took part.

**Environmental Activities** RAK Ceramics employees participated in Can Collection Day, organised by Emirates Environmental Group and collected waste aluminium cans from within the company premises which were then sent for recycling. We also participated in Earth Hour by switching off the lights in its production facilities, employee accommodation buildings and offices for one hour in order to spread awareness amongst its employees on environmental sustainability.

### Future Outlook

RAK Ceramics is focused on improving profitability and its sales and distribution strategy. This involves significant expansion in the Sanitary Ware business, continued disposal of non-core activities and investing in our distribution platform in Saudi Arabia.

We are progressing on the plans and initiatives taken for enhancing shareholder value.

## Financial Reporting

Consolidated Financial Statements of the Company prepared in accordance with International Financial Reporting Standards (IFRSs), fairly present its financial position, the result of its operations, cash flows and changes in equity.

Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments. There are no matters which call into question the company's ability to continue as a going concern.

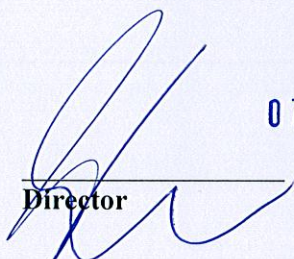
## Vote of Thanks

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 the company's objectives.



Chairman

;



Director

07 MAY 2015



Chief Executive Officer

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

**Condensed consolidated  
interim financial information**

*31 March 2015*

# Ras Al Khaimah Ceramics PSC and its subsidiaries

## Condensed consolidated interim financial information

31 March 2015

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## **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 2015 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 2015;
- the condensed consolidated statement of profit or loss for the three month period ended 31 March 2015;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three month period ended 31 March 2015;
- the condensed consolidated statement of changes in equity for the three month period ended 31 March 2015;
- the condensed consolidated statement of cash flows for the three month period ended 31 March 2015; 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 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

*KPMG Lower Gulf Limited*  
Austin Alan Henry Rudman  
Registration No. 844  
Dubai, United Arab Emirates  
Date

07 MAY 2015



# Ras Al Khaimah Ceramics PSC and its subsidiaries

## Condensed consolidated statement of profit or loss for the three month period ended 31 March 2015

	Note	Three month period ended 31 March	
		2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<b>Continuing operations</b>			
Revenue		744,085	740,812
Cost of sales		(528,981)	(527,597)
		-----	-----
<b>Gross profit</b>		<b>215,104</b>	213,215
Administrative and general expenses	6	(90,818)	(72,546)
Selling and distribution expenses	7	(84,702)	(86,164)
Other income		16,835	15,279
		-----	-----
<b>Operating profit</b>		<b>56,419</b>	69,784
Finance cost		(33,823)	(15,257)
Finance income		2,684	5,297
Share of profit in equity accounted investees	9	5,701	8,527
Gain on disposal of equity accounted investees	9	38,480	-
Gain on disposal of a subsidiary	25	561	-
(Loss) / gain on net monetary position	22	(1,631)	2,583
		-----	-----
<b>Profit before tax from continuing operations</b>		<b>68,391</b>	70,934
Tax expense		(6,651)	(6,476)
		-----	-----
<b>Profit from continuing operations</b>		<b>61,740</b>	64,458
		=====	=====
<b>Discontinued operations</b>			
Loss from discontinued operations	25	(1,313)	(5,762)
		-----	-----
<b>Profit for the period</b>		<b>60,427</b>	58,696
		=====	=====
<i>Profit attributable to:</i>			
Owners of the Company		57,873	58,023
Non-controlling interests		2,554	673
		-----	-----
<b>Profit for the period</b>		<b>60,427</b>	58,696
		=====	=====
<b>Earnings per share</b>			
Earnings per share - basic and diluted (AED)	19	0.07	0.07
		===	===
<b>Earnings per share – continuing operations</b>			
Basic and diluted earnings per share (AED)	19	0.07	0.08
		===	===

The notes on pages 9 to 27 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 2015

		<b>Three month period ended 31 March</b>	
	<i>Note</i>	<b>2015 AED'000 (Unaudited)</b>	2014 AED'000 (Unaudited) Restated*
<b>Profit for the period</b>		<b>60,427</b>	58,696
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		<b>(8,076)</b>	(10,505)
Hyperinflation effect	22&27	<b>25,047</b>	166,275
		-----	-----
<b>Total comprehensive income for the period</b>		<b>77,398</b>	214,466
		=====	=====
<i>Total comprehensive income attributable to:</i>			
Owners of the Company		<b>74,266</b>	211,755
Non-controlling interests		<b>3,132</b>	2,711
		-----	-----
<b>Total comprehensive income for the period</b>		<b>77,398</b>	214,466
		=====	=====

\* Refer note 27.

The notes on pages 9 to 27 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 2015

	Note	31 March 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,166,884	1,180,605
Capital work-in-progress	8	98,290	73,268
Goodwill		50,356	50,356
Intangible assets		18,762	19,391
Investment properties		1,111,751	1,113,879
Investments in equity accounted investees	9	134,768	151,276
Deferred tax assets		252	268
		<u>2,581,063</u>	<u>2,589,043</u>
<b>Current assets</b>			
Inventories	10	1,113,861	1,139,391
Trade and other receivables	11	1,257,025	1,170,055
Contract work-in-progress		41,373	28,598
Due from related parties	15	310,171	292,797
Derivative financial assets	17	-	29
Cash in hand and at bank	12	614,519	448,346
Assets classified as held for sale	24	251,782	331,616
		<u>3,588,731</u>	<u>3,410,832</u>
<b>Total assets</b>		<u><u>6,169,794</u></u>	<u><u>5,999,875</u></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	13	817,523	817,523
Reserves		2,064,462	1,990,785
		<u>2,881,985</u>	<u>2,808,308</u>
<b>Equity attributable to owners of the Company</b>		<u>2,881,985</u>	<u>2,808,308</u>
Non-controlling interests		218,254	226,505
		<u>3,100,239</u>	<u>3,034,813</u>
<b>Total equity</b>		<u><u>3,100,239</u></u>	<u><u>3,034,813</u></u>
<b>Non-current liabilities</b>			
Long term bank loans	16	809,344	770,388
Provision for employees' end-of-service benefits		76,888	78,864
Deferred tax liabilities		8,738	8,755
		<u>894,970</u>	<u>858,007</u>
<b>Current liabilities</b>			
Short-term bank borrowings	16	1,210,009	1,099,182
Trade and other payables	14	766,837	806,915
Billing in excess of valuation		7,497	3,316
Provision for taxation		109,023	103,135
Due to related parties	15	68,648	63,697
Derivative financial liabilities	17	42	-
Liabilities classified as held for sale	24	12,529	30,810
		<u>2,174,585</u>	<u>2,107,055</u>
<b>Total liabilities</b>		<u>3,069,555</u>	<u>2,965,062</u>
<b>Total equity and liabilities</b>		<u><u>6,169,794</u></u>	<u><u>5,999,875</u></u>

The notes on pages 9 to 27 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

07 MAY 2015

  
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 2015

	<b>Three month period ended 31 March</b>	
	<b>2015 AED'000 (Unaudited)</b>	<b>2014 AED'000 (Unaudited)</b>
<b>Operating activities</b>		
Profit for the period before tax	67,078	65,172
<i>Adjustments for:</i>		
Share of profit in equity accounted investees	(5,701)	(8,527)
Loss/ (gain) on net monetary position	3,952	(1,408)
Interest expense	11,600	14,837
Interest income	(2,684)	(5,297)
(Gain) / loss on disposal of property, plant and equipment	(2,567)	128
Gain on disposal of subsidiary	(561)	-
Gain on disposal of equity accounted investees	(38,480)	-
Depreciation on property, plant and equipment	52,120	37,524
Amortization of intangible assets	893	502
Capital work in progress written off	412	2,249
Depreciation on investment property	1,789	1,794
Provision for employees' end-of-service benefits	6,933	1,810
	-----	-----
	<b>94,784</b>	<b>108,784</b>
Change in:		
- inventories (including contract work in progress)	12,637	9,248
- trade and other receivables	(20,895)	19,194
- due from related parties (including long term)	(17,374)	(755)
- asset classified as held for sale	41,568	-
- trade and other payables (including billings in excess of valuation)	(35,897)	(151,204)
- due to related parties	4,951	7,029
- liabilities classified as held for sale	1,294	-
- derivative financial assets	29	218
- derivative financial liabilities	42	-
- deferred tax assets	16	2,445
- deferred tax liabilities	(17)	994
Income tax (paid) / refund	(794)	18,406
Employees' end-of-service benefits paid	(5,306)	(3,675)
Currency translation adjustment	6,962	(5,993)
	-----	-----
<b>Net cash generated from operating activities</b>	<b>82,000</b>	<b>4,691</b>
	-----	-----
<b>Investing activities</b>		
Acquisition of property, plant and equipment and capital work in progress	(49,356)	(19,522)
Proceeds from disposal of property, plant and equipment	2,796	253
Acquisition of intangible assets	(221)	(275)
Proceeds from disposal of subsidiary	-	-
Proceeds from disposal of equity accounted investees	-	-
Dividend received from equity accounted investees	11,265	20,000
Interest income received	2,684	3,041
	-----	-----
<b>Net cash (used in)/generated from investing activities</b>	<b>(32,832)</b>	<b>3,497</b>
	-----	-----

# Ras Al Khaimah Ceramics PSC and its subsidiaries

## Condensed consolidated statement of cash flows (continued)

for the three month period ended 31 March 2015

	<b>Three month period ended 31 March</b>	
	<b>2015 AED'000 (Unaudited)</b>	<b>2014 AED'000 (Unaudited)</b>
<b>Financing activities</b>		
Long term bank loans availed	<b>122,618</b>	147,080
Long term bank loans repaid	<b>(89,624)</b>	(27,376)
Change in bank deposits	<b>(20,664)</b>	3,378
Net movement in short term bank borrowings	<b>74,342</b>	(143,001)
Interest expense paid	<b>(11,600)</b>	(14,837)
Dividend paid to non-controlling interests	<b>(20,000)</b>	-
Remuneration paid to the Board of Directors of a subsidiary	<b>(1,178)</b>	-
Funds invested by non-controlling interests	-	331
	-----	-----
<b>Net cash generated from/(used in) financing activities</b>	<b>53,894</b>	(34,425)
	-----	-----
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>103,062</b>	(26,237)
Cash and cash equivalents at the beginning of the period	<b>321,373</b>	436,004
	-----	-----
<b>Cash and cash equivalents at the end of the period</b>	<b>424,435</b>	409,767
	=====	=====
<b>Represented by:</b>		
Cash in hand and at bank (net of bank deposits on lien)	<b>589,168</b>	488,662
Bank overdraft	<b>(164,733)</b>	(78,895)
	-----	-----
	<b>424,435</b>	409,767
	=====	=====

The notes on pages 9 to 27 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 2015

	-----Attributable to owner of the Company-----										Non- controlling interests (NCI)	Total equity
	Share capital	Share premium	Legal reserve	Translation reserves	Hyper inflation reserve	General reserves	Capital reserves	Retained earnings	Total reserves	Total		
	AED '000	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) (restated)	743,202	221,667	353,855	(68,629)	(260,181)	82,805	55,044	1,345,699	1,730,260	2,473,462	165,973	2,639,435
<b>Total comprehensive income for the period (unaudited)</b>												
Profit for the period	-	-	-	-	-	-	-	58,023	58,023	58,023	673	58,696
<b>Other comprehensive income (restated)</b>												
Foreign currency translation reserve	-	-	-	1,814	(11,767)	-	-	-	(9,953)	(9,953)	(552)	(10,505)
Hyperinflation adjustment (refer notes 22 & 27)	-	-	-	-	163,685	-	-	-	163,685	163,685	2,590	166,275
<b>Total comprehensive income for the period</b>	-	-	-	1,814	151,918	-	-	58,023	211,755	211,755	2,711	214,466
<b>Other equity movements</b>												
Transfer to legal reserve	-	-	9,659	-	-	-	-	(9,659)	-	-	-	-
<b>Transactions with owners of the Company directly recorded in equity (unaudited)</b>												
<b>Changes in ownership interests in subsidiaries</b>												
Funds invested by non-controlling interests	-	-	-	-	-	-	-	-	-	-	332	332
<b>At 31 March 2014 (unaudited)</b>	<b>743,202</b>	<b>221,667</b>	<b>363,514</b>	<b>(66,815)</b>	<b>(108,263)</b>	<b>82,805</b>	<b>55,044</b>	<b>1,394,063</b>	<b>1,942,015</b>	<b>2,685,217</b>	<b>169,016</b>	<b>2,854,233</b>

# Ras Al Khaimah Ceramics PSC and its subsidiaries

## Condensed consolidated statement of changes in equity (continued)

for the three month period ended 31 March 2015

	-----Attributable to owner of the Company-----										Non-	Total
	Share	Share	Legal	Translati	Hyper	General	Capital	Retained	Total	Total	controlling	equity
	capital	premium	reserve	on reserves	inflation	reserves	reserves	earnings	reserves	parent	interests	
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	(NCI)	AED '000
Balance at 1 January 2015 (audited)	817,523	221,667	396,260	(79,324)	(79,681)	82,805	55,044	1,394,014	1,990,785	2,808,308	226,505	3,034,813
<b>Total comprehensive income for the period (unaudited)</b>												
Profit for the period	-	-	-	-	-	-	-	57,873	57,873	57,873	2,554	60,427
<b>Other comprehensive income</b>												
Foreign currency translation reserve	-	-	-	(84)	(6,810)	-	-	-	(6,894)	(6,894)	(1,182)	(8,076)
Hyperinflation adjustment (refer notes 22 & 27)	-	-	-	-	23,287	-	-	-	23,287	23,287	1,760	25,047
<b>Total comprehensive income for the period</b>	-	-	-	(84)	16,477	-	-	57,873	74,266	74,266	3,132	77,398
<b>Other equity movements</b>												
Director's fees of a subsidiary	-	-	-	-	-	-	-	(589)	(589)	(589)	(589)	(1,178)
Transfer to legal reserve	-	-	13,152	-	-	-	-	(13,152)	-	-	-	-
<b>Transactions with owners of the Company directly recorded in equity (unaudited)</b>												
Dividend distributed to NCI	-	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
<b>Changes in ownership interests in subsidiaries</b>												
Increase in NCI due to disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	9,206	9,206
<b>At 31 March 2015 (unaudited)</b>	<b>817,523</b>	<b>221,667</b>	<b>409,412</b>	<b>(79,408)</b>	<b>(63,204)</b>	<b>82,805</b>	<b>55,044</b>	<b>1,438,146</b>	<b>2,064,462</b>	<b>2,881,985</b>	<b>218,254</b>	<b>3,100,239</b>

# Ras Al Khaimah Ceramics PSC and its subsidiaries

## Notes to the condensed consolidated interim financial information for the three month period ended 31 March 2015 (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, UAE.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2015 ("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 2014.

#### *Accounting estimates and judgements*

In preparing these condensed consolidated interim financial information, the management has made 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.

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 2014.

### 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 2014.



# 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 2015 (unaudited)

## 4 New standards, interpretations and amendments adopted by the Group

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2015 and that are available for early adoption in an annual periods beginning on 1 January 2015. However, the Group does not plan to adopt this standard early.

- Clarification of acceptable methods of Depreciation and Amortisation
- Investment Entities: Applying the Consolidation Exception (amendments to IFRS 10, IFRS 12 and IAS 28)
- Sale and Contribution of Assets between an investor and its Associates and Joint Ventures (amendments to IFRS 10 and IAS 28)
- IFRS 15: *Revenue from Contracts with Customers*
- IFRS 9: *Financial Instruments*

## 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 2014.

## 6 Administrative and general expenses

	<b>Three month period ended 31 March</b>	
	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
	<b>(Unaudited)</b>	(Unaudited)
<i>These include:</i>		
Staff costs	<b>25,348</b>	26,851
Depreciation	<b>5,328</b>	5,500
Telephone, postal and office supplies	<b>2,246</b>	1,853
Repairs and maintenance	<b>397</b>	1,329
Legal and professional fee	<b>2,738</b>	2,797
Amortization of intangible assets	<b>893</b>	420
(Reversal)/impairment loss on trade and other receivables - net	<b>(10,336)</b>	17,785
Impairment loss on assets classified as held for sale (refer note 24)	<b>48,400</b>	-
	<b>=====</b>	=====

## 7 Selling and distribution expenses

	<b>Three month period ended 31 March</b>	
	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
	<b>(Unaudited)</b>	(Unaudited)
<i>These include:</i>		
Staff costs	<b>17,250</b>	15,702
Performance rebates	<b>18,329</b>	25,191
Freight and transportation	<b>30,527</b>	36,375
Advertisement and promotions	<b>11,367</b>	5,877
Travel and entertainment	<b>132</b>	364
Depreciation	<b>256</b>	490
	<b>=====</b>	=====

# 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 2015 (unaudited)

## 8 Property, plant and equipment and capital work in progress

### *Additions, disposal and depreciation (unaudited)*

During the three month period ended 31 March 2015, the Group acquired property, plant and equipment and made additions to capital work in progress amounting to AED 49.36 million (*three month period ended 31 March 2014: AED 19.52 million*).

Property, plant and equipment with net book value of AED 11.46 million were disposed during the current period (*three month period ended 31 March 2014: AED 0.38 million*) resulting in a gain on disposal of AED 2.57 million (*three month period ended 31 March 2014: loss of AED 0.13 million*) which is included in administrative expenses / other income in the condensed consolidated statement of profit or loss.

Depreciation charge on property, plant and equipment for the current period amounted to AED 46.33 million (*three month period ended 31 March 2014: AED 37.52 million*).

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

## 9 Investments in equity accounted investees

During the three month period ended 31 March 2015, the Group has made no further investments (*three month period ended 31 March 2014: Nil*).

The Group's share of profit in equity accounted investees for the three month period ended 31 March 2015 amounted to AED 5.70 million (*three month period ended 31 March 2014: AED 8.53 million*).

The Group has received a dividend of AED 11.27 million during the current period from equity accounted investees (*three month period ended 31 March 2014: AED 20 million*).

During the three month period ended 31 March 2015, the Group has disposed its entire 51% and 20% equity interests in jointly controlled entities "Laticrete RAK LLC" and "RAK Moshfly (Bangladesh) Private Limited" respectively.

	<b>Laticrete RAK LLC AED'000 (unaudited)</b>	<b>RAK Moshfly Bangladesh Private Limited AED'000 (unaudited)</b>	<b>Total AED'000 (unaudited)</b>
Net carrying value	10,551	-	10,551
Less: sale consideration	(48,123)	(908)	(49,031)
	-----	----	-----
(Gain) on disposal of investments	(37,572)	(908)	(38,480)
	=====	====	=====

# 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 2015 (unaudited)

## 10 Inventories

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Finished goods (net of net realisable value write down)	<b>687,145</b>	667,988
Less: provision for slow moving and obsolete inventories	<b>(56,564)</b>	(42,535)
	-----	-----
Raw materials	<b>630,581</b>	625,453
Goods-in-transit	<b>261,069</b>	313,128
Work-in-progress	<b>47,748</b>	31,341
Stores and spares	<b>23,506</b>	19,330
	<b>201,467</b>	199,707
	-----	-----
	<b>1,164,371</b>	1,188,959
Less: provision for slow moving raw materials and stores and spares	<b>(50,510)</b>	(49,568)
	-----	-----
	<b>1,113,861</b>	1,139,391
	=====	=====

At 31 March 2015, the Group has a cumulative loss due to write-down of finished goods inventories of AED 32.66 million against the cost of AED 283.62 million (31 December 2014: AED 33 million against the cost of AED 316.50 million) to bring them to their net realisable value which were lower than their costs.

Also refer note 22.

## 11 Trade and other receivables

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Trade receivables	<b>1,123,467</b>	1,082,919
Less: allowance for impairment loss	<b>(149,644)</b>	(145,543)
	-----	-----
Advances	<b>973,823</b>	937,376
Deposits	<b>116,264</b>	118,357
Other receivables	<b>21,703</b>	10,502
	<b>145,235</b>	103,820
	-----	-----
	<b>1,257,025</b>	1,170,055
	=====	=====

# 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 2015 (unaudited)

## 12 Cash in hand and at bank

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Cash in hand	1,534	1,628
Cash at bank		
- in fixed deposits	100,297	114,365
- in current accounts	475,199	314,643
- in margin deposits	2,810	2,540
- in call accounts	34,679	15,170
	-----	-----
	<b>614,519</b>	448,346
	=====	=====

Cash in hand and cash at bank includes AED 0.28 million (31 December 2014: AED 0.21 million) and AED 107.11 million (31 December 2014: 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 25.35 million (31 December 2014: AED 4.69 million) which are held by banks under lien against bank facilities availed by the Group.

## 13 Share capital

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 December 2014 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
647,522,200 shares of AED 1 each issued as bonus shares	647,523	647,523
	-----	-----
	<b>817,523</b>	817,523
	=====	=====

Also refer note 18.

## 14 Trade and other payables

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Trade payables	405,126	439,577
Accrued and other expenses	222,952	221,908
Advances from customers	73,269	71,837
Commissions and rebates payables	49,112	44,750
Others	16,378	28,843
	-----	-----
	<b>766,837</b>	806,915
	=====	=====

# 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 2015 (unaudited)

## 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:

	<b>Three month period ended</b>	
	<b>31 March</b>	31 March
	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
	<b>(Unaudited)</b>	(Unaudited)
Sales	<b>68,391</b>	73,166
Purchases	<b>2,490</b>	2,655
	=====	=====
<b>Compensation to key management personnel:</b>		
Salaries and benefits	<b>6,421</b>	6,293
End of service benefits	<b>224</b>	226
	-----	-----
	<b>6,645</b>	6,519
	=====	=====
	<b>31 March</b>	31 December
	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
	<b>(Unaudited)</b>	(Audited)
<b>Due from related parties:</b>		
Equity accounted investees	<b>418,243</b>	408,454
Other related parties	<b>27,746</b>	22,573
Less: allowance for impairment loss	<b>(135,818)</b>	(138,230)
	-----	-----
	<b>310,171</b>	292,797
	=====	=====
	<b>31 March</b>	31 December
	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
	<b>(Unaudited)</b>	(Audited)
<b>Due to related parties:</b>		
Equity accounted investees	<b>7,188</b>	8,104
Others related parties	<b>61,460</b>	55,593
	-----	-----
	<b>68,648</b>	63,697
	=====	=====

# 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 2015 (unaudited)

## 16 Bank borrowings

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
<b>(i) Short term</b>		
Bank overdraft	<b>164,733</b>	122,286
Short term loans	<b>602,611</b>	499,041
Trust receipts	<b>102,505</b>	131,733
Current portion of long-term bank loans (refer note (ii) below)	<b>340,160</b>	346,122
	<b>1,210,009</b>	1,099,182
	=====	=====
<b>(ii) Long term bank loans</b>		
Opening balance	<b>1,116,510</b>	1,247,060
Add: availed during the period/year	<b>122,618</b>	165,330
Less: repayments made during the period/year	<b>(89,624)</b>	(295,880)
	<b>1,149,504</b>	1,116,510
Less: current portion of term loans (refer note (i) above)	<b>(340,160)</b>	(346,122)
	<b>809,344</b>	770,388
	=====	=====

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 2014. The new long term bank loans availed during the current period are at terms which are consistent with those mentioned in the Group's 2014 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.

# 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 2015 (unaudited)

## 17 Derivative financial instruments (continued)

	Positive fair value AED'000	Negative fair value AED'000	Notional amount AED'000	Maturity date Within 1 Year AED'000
<b>31 March 2015 (Unaudited)</b>				
Currency swaps	-	42	2,217	2,217
	--	---	-----	-----
	-	42	2,217	2,217
	=	==	====	====
<b>31 December 2014 (Audited)</b>				
Currency swaps	29	-	3,835	3,835
	---	--	-----	-----
	29	-	3,835	3,835
	==	=	====	====

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).

### Fair value hierarchy

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 2015, the Group held the following classes of financial instruments measured at fair value:

# 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 2015 (unaudited)

## 17 Derivative financial instruments (continued)

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>31 March 2015 (unaudited)</b>			
<i>Financial Liabilities</i>			
Derivative financial liabilities - net	-	42	-
	--	---	--
	-	42	-
	=	==	==
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
31 December 2014 (Audited)			
<i>Financial assets</i>			
Derivative financial assets - net	-	29	-
	--	---	--
	-	29	-
	=	==	=

During the three month period ended 31 March 2015, 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 cross currency swap are based on quotation / rates provided by the counterparty banks and financial institutions.

#### *Other financial assets and liabilities*

The Group does not disclose the fair values of other financial instruments such as trade and other receivables, due from / due to related parties, trade and other payables and bank borrowings because their fair value approximates to their book values due to the current nature of these instruments as the effect of discounting is immaterial. In case they are non-current in nature, the fair value is estimated based on the present value of future cash flows, discounted at the market rate of interest at the reporting date.



# 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 2015 (unaudited)

## 18 Proposed dividend and Directors' fee

- (i) At the Annual General Meeting (AGM) held on 26th April 2015, the shareholders approved cash dividend of 35% which was proposed by the Board of Directors which will be accounted for in quarter ending 30 June 2015.
- (ii) At the Annual General Meeting (AGM) held on 26th April 2015, the shareholders approved the proposed Directors' fees amounting to AED 3.7 million for the year ended 31 December 2014 which will be accounted for in quarter ending 30 June 2015.

## 19 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding as at 31 March 2015, calculated as follows:

<b>Three month period ended 31 March (Unaudited)</b>	<b>2015</b>	2014	<b>2015</b>	2014	<b>2015</b>	2014
	<b>Continuing operations</b>		<b>Discontinued operations</b>		<b>Total</b>	
<b>Earnings per share</b>						
Net profit / (loss) attributable to owners of the Company (AED'000)	<b>59,186</b> =====	62,646 =====	<b>(1,313)</b> =====	(4,623) =====	<b>57,873</b> =====	58,023 =====
Weighted average number of shares outstanding ('000s)	<b>817,523</b> =====	817,523 =====	<b>817,523</b> =====	817,523 =====	<b>817,523</b> =====	817,523 =====
Earnings / (loss) per share (AED)	<b>0.07</b> ===	<b>0.08</b> ===	- =	<b>(0.01)</b> ===	<b>0.07</b> ===	<b>0.07</b> ===

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.

# 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 2015 (unaudited)

## 21 Operating lease

*As lessor:*

Certain Group entities lease out their investment properties under operating leases. The leases typically run for a period of more than five years, with an option to renew the lease after that date. Lease rentals are usually reviewed periodically to reflect market rentals.

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Less than one year	<b>22,395</b>	21,916
Between two and five years	<b>65,646</b>	65,370
More than five years	<b>130,163</b>	134,411
	-----	-----
	<b>218,204</b>	221,697
	=====	=====

## 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, (from December 2013) and in Ceramic Ras Al Khaimah Sudanese Investment Company, a subsidiary in Sudan (from December 2014) 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-----	
	<b>Index</b>	<b>Conversion factor</b>	<b>Index</b>	<b>Conversion factor</b>
31 March 2015	570	1.040	527	1.148
31 December 2014	548	1.120	459	1.004
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	-

# 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 2015 (unaudited)

## 22 Hyperinflationary accounting (continued)

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 statement of profit or loss 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 condensed consolidated statement of profit or loss as a monetary loss/gain 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 condensed consolidated interim financial information of Sudan and Iran subsidiaries are as follows:

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

	<b>31 March 2015</b>
	<b>AED'000</b>
	<b>(unaudited)</b>
<i>Impact on statement of financial position</i>	
Increase in property plant and equipment	3,555
Increase in inventories	5,865
Increase in net book value	9,420
	====
<i>Allocated to:</i>	
Increase in opening equity due to cumulative hyperinflation since 31 December 2014	16,249
Foreign currency translation reserve	43
Impact on profit or loss during the current period	(6,872)
	9,420
	====

# 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 2015 (unaudited)

## 22 Hyperinflationary accounting (continued)

### b) RAK Ceramics PJSC Limited (Iran)

#### *Impact on statement of financial position*

31 March 2015  
AED'000  
(unaudited)

Decrease in property plant and equipment	(194)
Decrease in intangible assets	(50)
Increase in inventories	118
	-----
Increase in net book value	(126)
	=====
<i>Allocated to:</i>	
Increase in opening equity and non controlling interests due to hyperinflation since 31 December 2014	8,798
Foreign currency translation reserve	(407)
Impact on profit or loss during the current period	(8,517)
	-----
	(126)
	=====

The net impact of hyperinflationary accounting in Sudan and Iran on net monetary position amounts to a loss of AED 3.95 million. Refer note 25.

## 23 Disposal of subsidiary and non-controlling interests

### **Disposal of a subsidiary 2015**

During the current period, the Group disposed its entire 55% shareholding in one of its subsidiary "RAK Pharmaceutical Private Limited" and recognised a net gain of AED 0.56 million on disposal. Furthermore, the disposal resulted in increase in non-controlling interests of AED 9.21 million. Refer note 25.

# 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 2015 (unaudited)

## 24 Assets and liabilities of disposal group held for sale

In December 2014, management entered into a non-binding agreement to sell Ceramics Ras Al Khaima Sudanese Investment Company Limited. Accordingly, this entity is presented as disposal group held for sale.

During the current period, the Group signed a sale purchase agreement to sell Ceramics Ras Al Khaima Sudanese Investment Company Limited at a consideration of AED 220.44 million. The disposal has not been recorded in the current period as certain pre completion conditions are not fulfilled as at reporting date. However, as the agreed consideration which represents the fair value of the disposal group is lower than the carrying value, impairment loss of AED 48.4 million has been recognised during the current period.

	Ceramics Ras Al Khaima Sudanese Investment Co. Ltd. AED'000	Others AED'000	Total AED'000
Property, plant and equipment	120,032	-	120,032
Inventories	75,522	-	75,522
Trade and other receivables	46,340	20,311	66,651
Cash in hand and at bank	37,977	-	37,977
	-----	-----	-----
	279,871	20,311	300,182
Less: impairment loss	(48,400)	-	(48,400)
	-----	-----	-----
<b>Assets held for sale</b>	<b>231,471</b>	<b>20,311</b>	<b>251,782</b>
	=====	=====	=====
Trade and other payables	11,035	1,494	12,529
	-----	-----	-----
<b>Liabilities held for sale</b>	<b>11,035</b>	<b>1,494</b>	<b>12,529</b>
	=====	=====	=====
<b>Net assets</b>	<b>220,436</b>	<b>18,817</b>	<b>239,253</b>
	=====	=====	=====

### *Cumulative income or expenses included in other comprehensive income*

Following are the items included in other comprehensive income relating to the disposal group.

	31 March 2015 AED'000
Foreign currency translation reserve (debit)	(152,738)
Hyperinflation effect (credit)	184,784
	-----
Net amount in OCI which may be subsequently reclassified to profit or loss on disposal	32,046
	=====

# 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 2015 (unaudited)

## 25 Discontinued operations

During the year ended 2014, the Group classified its subsidiaries namely “Ceramics Ras Al Khaima Sudanese Investment Company Limited” and “RAK Pharmaceuticals Private Limited” as held for sale and accordingly the results from these operations are presented as discontinued operations.

These subsidiaries were not previously classified as held-for-sale or as discontinued operations. The comparative condensed consolidated statement of profit or loss for the quarter ended 31 March 2014 has been restated to show the discontinued operations separately from continuing operations. However, during the current period, the Group sold its investment in RAK Pharmaceuticals Private Limited and operations in Sudan continue to be classified as discontinued.

	<b>Ceramics Ras Al Khaima Sudanese Investment Co. Limited</b> <b>31 March 2015</b> <b>AED'000</b>		
Revenue			29,913
Expense			(28,905)
Loss on net monetary position (refer note 22)			(2,321)
			-----
<b>Loss for the period</b>			<b>(1,313)</b>
			=====
	-----2014-----		
	Ceramics Ras Al Khaima Sudanese Investment Co. Ltd. AED'000	RAK Pharmaceuticals Private Limited AED'000	Total AED '000
Revenue	46,946	4,987	51,933
Expense	(49,641)	(6,879)	(56,520)
Loss on net monetary position	(1,175)	-	(1,175)
	-----	-----	-----
Loss for the period	(3,870)	(1,892)	(5,762)
	=====	=====	=====

The loss from the discontinued operations to the extent of AED 1.31 million (2014: loss of AED 4.62 million) is attributable to the owners of the Company. Of the profit from continuing operations of AED 61.74 million (2014: AED 64.46 million), an amount of AED 59.18 million is attributable to the owners of the Company (2014: AED 62.65 million).

# 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 2015 (unaudited)

## 25 Discontinued operations (continued)

### *Cash flows from discontinued operations*

	<b>Three month period ended</b>	
	<b>31 March 2015 (Unaudited) AED'000</b>	<b>31 March 2014 (Unaudited) AED'000</b>
Net cash generated from operating activities	<b>37,259</b>	8,581
	=====	=====
Net cash generated from / (used in) investing activities	<b>73,407</b>	(1,867)
	=====	=====
Net cash used in financing activities	<b>(9,364)</b>	(6,158)
	=====	=====

### *Effect of disposal of RAK Pharmaceuticals Private Limited on the condensed consolidated financial information of the Group*

	<b>31 March 2015 AED'000</b>
<b>Assets</b>	
Property, plant and equipment	26,538
Intangible assets	4,693
Inventories	3,416
Trade & other receivables	2,186
Other currents	1,828
	-----
	<b>38,661</b>
<b>Liabilities</b>	
Borrowings	(37,307)
Trade and other payables	(21,818)
	-----
Net liabilities	(20,464)
Non-controlling interests	(9,196)
	-----
Net liabilities attributable to parent	(11,268)
Consideration receivable	17,044
Less: loan receivable from RAK Pharma Private Limited written off	(27,751)
	-----
<b>Gain on disposal</b>	<b>(561)</b>
	=====

# 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 2015 (unaudited)

## 26 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.

	<b>Ceramic products AED'000</b>	<b>Contracting AED'000</b>	<b>Other industrial AED'000</b>	<b>Others AED'000</b>	<b>Elimination AED'000</b>	<b>Total AED'000</b>
<i>Three month period ended 31 March 2015</i>						
<b>External revenue</b>	<b>591,013</b>	<b>68,676</b>	<b>62,301</b>	<b>22,095</b>	<b>-</b>	<b>744,085</b>
<b>Inter segment revenue</b>	<b>40,830</b>	<b>1,734</b>	<b>25,105</b>	<b>20,834</b>	<b>(88,503)</b>	<b>-</b>
<b>Total revenue</b>	<b>631,843</b>	<b>70,410</b>	<b>87,406</b>	<b>42,929</b>	<b>(88,503)</b>	<b>744,085</b>
<b>Segment profit / (loss) for the period</b>	<b>66,987</b>	<b>8,207</b>	<b>13,690</b>	<b>2,108</b>	<b>(30,565)</b>	<b>60,427</b>
<i>As at 31 March 2015</i>						
<b>Total assets</b>	<b>7,024,489</b>	<b>866,105</b>	<b>465,947</b>	<b>366,622</b>	<b>(2,553,369)</b>	<b>6,169,794</b>
<b>Total liabilities</b>	<b>3,632,499</b>	<b>453,606</b>	<b>117,242</b>	<b>157,391</b>	<b>(1,291,183)</b>	<b>3,069,555</b>



# 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 2015 (unaudited)

## 26 Segment reporting (continued)

	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	632,677	51,682	26,248	30,205	-	740,812
Inter segment revenue	58,276	17,844	42,462	28,961	(147,543)	-
	-----	-----	-----	-----	-----	-----
Total revenue	690,953	69,526	68,710	59,166	(147,543)	740,812
	=====	=====	=====	=====	=====	=====
Segment profit / (loss) for the period	72,232	(8,332)	7,570	5,620	(18,394)	58,696
	=====	=====	=====	=====	=====	=====
<i>As at 31 December 2014</i>						
Total assets	6,811,018	521,689	875,046	368,549	(2,576,427)	5,999,875
	=====	=====	=====	=====	=====	=====
Total liabilities	3,502,769	470,627	108,507	161,570	(1,278,411)	2,965,062
	=====	=====	=====	=====	=====	=====

### Reconciliation of reportable segment profit or loss

	<b>31 March 2015 AED'000 (Unaudited)</b>	31 March 2014 AED'000 (Unaudited)
Total profit or loss for reportable segments after tax	<b>85,291</b>	68,563
Elimination of inter-segment profits	<b>(30,565)</b>	(18,394)
Share of profit of equity accounted investees	<b>5,701</b>	8,527
	-----	-----
	<b>60,427</b>	58,696
	=====	=====

## 27 Restatement

During the year ended 31 December 2014, the Group had changed the accounting policy and decided to present the effect of price changes in prior periods on the financial statements of subsidiaries operating in a hyperinflation economy in other comprehensive income. The details of change in accounting policy are disclosed in the audited consolidated financial statements for the year ended 31 December 2014.

Further, the Group had decided to present separately foreign currency translation differences pertaining to hyperinflationary economies in hyperinflation reserve. Accordingly, the Group had made the following reclassifications:

# 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 2015 (unaudited)

## 27 Restatement (continued)

	Translation reserve AED' 000	Hyperinflation reserve AED' 000
Balance as at 1 January 2014 (as previously stated)	328,810	-
Reclassification	(260,181)	260,181
	-----	-----
Balance as at 1 January 2014 (restated)	68,629	260,181
	=====	=====
Other comprehensive income for the year 2014 (as previously stated)	(9,953)	-
Reclassification	(11,767)	11,767
	-----	-----
Other comprehensive income (restated)	1,814	11,767
	=====	=====

## 28 Subsequent events

Subsequent to reporting date, the Board of Directors has resolved to sell its 39% shareholding of RAK Watertech LLC, effective 1<sup>st</sup> April 2015, resulting in conversion of the subsidiary into equity accounted investee from that date.