



**RAK**

CERAMICS

*Close to you worldwide*

Condensed consolidated interim financial information  
*30 June 2015*

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

Condensed consolidated interim financial information

*30 June 2015*

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## RAK Ceramics PSC

### Report of the Board of Directors

On financial performance during the six months ending 30 June 2015

06 August 2015

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**Dear Members,**

It is our pleasure to present our report on the business & operations along with the Condensed Consolidated Interim Consolidated Financial Information for the six months ended on 30 June 2015.

During the period, the Group continued its focus on core operations. 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 executed agreement to sell its stake in subsidiary in Sudan which is expected to close in third quarter of 2015. It has also executed agreement to sell its stake in Al Hamra Aluminium and Glass Industries LLC and RAK Gypsum and Decorations LLC. The sale is expected to close in third quarter of 2015. During the period the group has also sold 39% of its stake in RAK Watertech LLC resulting into dilution of control and accordingly, joint venture agreement has been entered into with the other partner. These have been a part of the Group's strategy to reduce the non-core businesses.

#### Results

The Group revenue, during the period of six months, amounted to AED 1,548 million, almost at same level of the same period of last year. Although core revenue dipped by 3.4% to AED 1,293 million, core gross margin increased by 114 bps to 30.4%. This has prevailed amid continuing challenges in economic conditions such as the depreciation of the Euro and the increase in the gas prices. The cost-saving initiatives include reduction in raw material and freight prices. Reported net profit for the period amounted to AED 146.4 million (AED 149.9 million for same period in 2014). Net profit from continuing operations for the period amounted to AED 150.8 million against AED 151.8 million during the same period in 2014. Adjusted net profit (adjusted for effects of hyper-inflation) for the period amounted to AED 170.3 million against AED 177.2 million for the same period in 2014. Foreign exchange loss during the period amounted to AED 18.9 million against last years' gain of AED 3.2 million during same period.

This result is after considering the following –

- effect of hyperinflation in both the periods;
- impairment provision of AED 48.4 million and that of AED 4.4 million in respect of subsidiary in Sudan and Al Hamra Aluminium and Glass Industries LLC & RAK Gypsum and Decorations LLC respectively;
- gain of AED 37.6 million and AED 0.9 million on sale of stake in Laticrete RAK LLC and RAK Mosfly Pvt. Ltd. Bangladesh, respectively; and
- gain of AED 3.7 million on sale of stake in other group companies as mentioned above.

## Financial highlights for the six month period ended 30 June 2015

Particulars	Unit	YTD 2015 June 30	YTD 2014 June 30	Change
Total Revenue	AED Mio	1548.1	1550.3	(0.1%)
Gross Profit	AED Mio	437.8	412.0	6.3%
GP Margin	%	28.3%	26.6%	170 bps
EBITDA	AED Mio	285.7	310.3	(7.9%)
EBITDA Margin	%	18.5%	20.0%	(150 bps)
Reported Net Income	AED Mio	146.4	149.9	(2.4%)
Effect of Hyper-inflation – Loss	AED Mio	24.0	27.4	(12.4%)
Adjusted Net Income	AED Mio	170.3	177.2	(3.9%)
Reported Profit after NCI (Minority)	AED Mio	136.9	151.3	(9.5%)
Reported Earnings per share from Continuing Operations	AED	0.17	0.19	(10.5%)
		<b>2015 June 30</b>	<b>2014 December 31</b>	<b>Change</b>
Total Assets	AED Mio	6,272.8	5,999.9	4.5%
Share Capital	AED Mio	817.5	817.5	-
Shareholders' Equity	AED Mio	2,876.6	3,034.8	(5.2%)
Net Debt#	AED Mio	1,598.3	1,421.2	13.3%
Net Debt / EBITDA	Times	2.8	2.4	-
Cost of Debt	%	2.6%	3.0%	(40 bps)

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

# Excludes Cash & Bank Balances of discontinued operations.

### Corporate Social Responsibility & Other Activities in the second Quarter

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** RAK Ceramics facilities were visited by several students from Indian Public High School, and Palm Beach Atlantic University during second quarter of 2015.

**Charity Participation** RAK Ceramics participates in collecting charity and donated for Nepal Earth Quake victims. Also, prizes at Tower Links Nepal Fund Raiser were sponsored. Tiles were also donated to DBS School.

**Environmental Activities** RAK Ceramics employees participated in Earth Day by planting more than 300 trees in campus, we participated in World Day for Health & Safety at work with RAK Police to avoid accidents at work place, and RAK Ceramics organized Table Tennis Tournament for employees.

## 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

Interim Condensed Consolidated Financial Information is prepared in accordance with International Financial Reporting Standards (IFRSs) and it fairly presents 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

06 AUG 2015



Chief Executive Officer

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

Condensed consolidated  
interim financial information  
*30 June 2015*

# Ras Al Khaimah Ceramics PSC and its subsidiaries

## Condensed consolidated interim financial information

30 June 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 30 June 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 30 June 2015;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2015;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2015;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2015;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 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 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited  
Muhammad Tariq  
Registration No. 793  
Dubai, United Arab Emirates  
Date: 06 AUG 2015



# Ras Al Khaimah Ceramics PSC and its subsidiaries

## Condensed consolidated statement of profit or loss (unaudited)

for the six month period ended 30 June 2015

	Note	Six month period ended 30 June		Three month period ended 30 June	
		2015 AED'000	2014 AED'000	2015 AED'000	2014 AED'000
<b>Continuing operations</b>					
Revenue		<b>1,548,128</b>	1,550,378	<b>803,839</b>	812,776
Cost of sales	11	<b>(1,110,282)</b>	(1,138,366)	<b>(581,584)</b>	(613,558)
		-----	-----	-----	-----
<b>Gross profit</b>		<b>437,846</b>	412,012	<b>222,255</b>	199,218
Administrative and general expenses	6	<b>(157,727)</b>	(158,077)	<b>(68,361)</b>	(86,258)
Selling and distribution expenses	7	<b>(162,941)</b>	(167,964)	<b>(78,239)</b>	(82,079)
Other income		<b>33,556</b>	26,452	<b>17,060</b>	11,337
		-----	-----	-----	-----
<b>Operating profit</b>		<b>150,734</b>	112,423	<b>92,715</b>	42,218
Finance expense	8	<b>(42,989)</b>	(32,352)	<b>(14,407)</b>	(14,427)
Finance income	8	<b>5,246</b>	11,961	<b>7,755</b>	3,920
Share of profit in equity accounted investees	10	<b>11,859</b>	19,533	<b>6,158</b>	11,006
Gain on disposal of equity accounted investees	10	<b>38,480</b>	-	-	-
Gain on disposal of a subsidiary	23	<b>3,125</b>	-	<b>2,566</b>	-
Gain on settlement of related party balances	16(i)	-	59,082	-	59,082
Loss on net monetary position	22	<b>(2,855)</b>	(3,907)	<b>(1,224)</b>	(6,490)
		-----	-----	-----	-----
<b>Profit before tax from continuing operations</b>		<b>163,600</b>	166,740	<b>93,563</b>	95,309
Tax expense		<b>(12,842)</b>	(14,900)	<b>(6,191)</b>	(8,423)
		-----	-----	-----	-----
<b>Profit from continuing operations</b>		<b>150,758</b>	151,840	<b>87,372</b>	86,886
<b>Discontinued operations</b>					
Loss from discontinued operations	25	<b>(4,402)</b>	(1,943)	<b>(1,443)</b>	4,315
		-----	-----	-----	-----
<b>Profit for the period</b>		<b>146,356</b>	149,897	<b>85,929</b>	91,201
		=====	=====	=====	=====
<i>Profit attributable to:</i>					
Owners of the Company		<b>136,939</b>	151,296	<b>79,066</b>	93,273
Non-controlling interests		<b>9,417</b>	(1,399)	<b>6,863</b>	(2,072)
		-----	-----	-----	-----
<b>Profit for the period</b>		<b>146,356</b>	149,897	<b>85,929</b>	91,201
		=====	=====	=====	=====
<b>Earnings per share</b>					
Earnings per share - basic and diluted (AED)	19	<b>0.17</b>	0.19	<b>0.10</b>	0.11
		===	===	===	===
<b>Earnings per share – continuing operations</b>					
Earnings per share - basic and diluted (AED)	19	<b>0.17</b>	0.19	<b>0.10</b>	0.11
		===	===	===	===

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 (unaudited)

for the six month period ended 30 June 2015

	Note	Six month period ended 30 June		Three month period ended 30 June	
		2015 AED'000	2014 AED'000 Restated*	2015 AED'000	2014 AED'000 Restated*
<b>Profit for the period</b>		<b>146,356</b>	149,897	<b>85,929</b>	91,201
<b>Other comprehensive income:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences		<b>(21,996)</b>	(5,337)	<b>(13,920)</b>	5,168
Hyperinflation effect	22&27	<b>33,318</b>	215,828	<b>8,271</b>	49,553
<b>Total comprehensive income for the period</b>		<b>157,678</b>	360,388	<b>80,280</b>	145,922
<i>Total comprehensive income attributable to:</i>					
Owners of the Company		<b>147,888</b>	354,833	<b>73,622</b>	143,078
Non-controlling interests		<b>9,790</b>	5,555	<b>6,658</b>	2,844
<b>Total comprehensive income</b>		<b>157,678</b>	360,388	<b>80,280</b>	145,922

\*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 30 June 2015

	Note	30 June 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,166,936	1,180,605
Capital work-in-progress	9	98,190	73,268
Goodwill		50,356	50,356
Intangible assets		18,079	19,391
Investment properties	16(i)	1,096,271	1,113,879
Investments in equity accounted investees	10	142,978	151,276
Deferred tax assets		245	268
		<u>2,573,055</u>	<u>2,589,043</u>
<b>Current assets</b>			
Inventories	11	1,138,290	1,139,391
Trade and other receivables	12	1,241,868	1,170,055
Contract work-in-progress		20,886	28,598
Due from related parties	16	416,720	292,797
Derivative financial assets	18	-	29
Cash in hand and at bank	13	627,145	448,346
Assets classified as held for sale	24	254,871	331,616
		<u>3,699,780</u>	<u>3,410,832</u>
<b>Total assets</b>		<u><b>6,272,835</b></u>	<u><b>5,999,875</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	14	817,523	817,523
Reserves		1,848,901	1,990,785
<b>Equity attributable to owners of the Company</b>		<u>2,666,424</u>	<u>2,808,308</u>
Non-controlling interests		210,128	226,505
<b>Total equity</b>		<u>2,876,552</u>	<u>3,034,813</u>
<b>Non-current liabilities</b>			
Long term bank loans	17(ii)	1,244,522	770,388
Provision for employees' end-of-service benefits		76,517	78,864
Deferred tax liabilities		8,750	8,755
		<u>1,329,789</u>	<u>858,007</u>
<b>Current liabilities</b>			
Short-term bank borrowings	17(i)	980,911	1,099,182
Trade and other payables	15	841,339	806,915
Billings in excess of valuation		6,601	3,316
Provision for taxation		113,763	103,135
Due to related parties	16	98,488	63,697
Derivative financial liabilities	18	3,125	-
Liabilities classified as held for sale	24	22,267	30,810
		<u>2,066,494</u>	<u>2,107,055</u>
<b>Total liabilities</b>		<u>3,396,283</u>	<u>2,965,062</u>
<b>Total equity and liabilities</b>		<u><b>6,272,835</b></u>	<u><b>5,999,875</b></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

06 AUG 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 (unaudited)

for the six month period ended 30 June 2015

	<b>Six month period ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Operating activities</b>		
Profit for the period before tax	<b>159,198</b>	164,797
<b>Adjustments for:</b>		
Share of profit in equity accounted investees	<b>(11,859)</b>	(19,533)
Loss on net monetary position	<b>5,161</b>	15,705
Gain on settlement of related party balances (net)	<b>-</b>	(48,144)
Interest expense	<b>20,553</b>	26,881
Interest income	<b>(5,246)</b>	(8,765)
Gain on disposal of property, plant and equipment	<b>(3,554)</b>	(2,453)
Gain on disposal of investment property	<b>(1,619)</b>	-
Gain on sale of subsidiaries	<b>(3,125)</b>	-
Gain on sale of equity accounting investees	<b>(38,480)</b>	-
Depreciation on property, plant and equipment	<b>100,418</b>	85,841
Amortization of intangible assets	<b>1,737</b>	1,337
Capital work in progress written off	<b>951</b>	3,353
Depreciation on investment property	<b>3,486</b>	3,609
Provision for employees' end-of-service benefits	<b>6,819</b>	2,662
	<b>-----</b>	<b>-----</b>
	<b>234,440</b>	225,290
Change in:		
- inventories (including contract work in progress)	<b>3,075</b>	(13,744)
- trade and other receivables	<b>(22,475)</b>	(198,493)
- due from related parties (including long term)	<b>(123,929)</b>	20,753
- asset classified as held for sale	<b>83,459</b>	-
- trade and other payables (including billing-in-excess of valuation)	<b>49,570</b>	(9,105)
- due to related parties	<b>34,958</b>	1,496
- liabilities classified as held for sale	<b>(15,285)</b>	-
- derivative financial liabilities	<b>3,154</b>	1,412
- deferred tax assets	<b>23</b>	2,445
- deferred tax liabilities	<b>(5)</b>	2,523
Income tax (paid) / refund	<b>(3,817)</b>	15,759
Employees' end-of-service benefits paid	<b>(8,135)</b>	(5,847)
Currency translation adjustment	<b>3,035</b>	(6,716)
	<b>-----</b>	<b>-----</b>
<b>Net cash from operating activities</b>	<b>238,068</b>	33,773
	<b>-----</b>	<b>-----</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment and capital work in progress	<b>(99,348)</b>	(118,410)
Change in bank deposits	<b>(16,025)</b>	5,781
Additions to investment property	<b>-</b>	(19)
Proceeds from disposal of property, plant and equipment	<b>3,817</b>	2,888
Proceeds from disposal of a subsidiary	<b>17,044</b>	-
Proceeds from sale of investment properties	<b>17,250</b>	-
Acquisition of intangible assets	<b>(163)</b>	(503)
Investment in equity accounted investees	<b>-</b>	-
Dividend received from equity accounted investees	<b>11,392</b>	28,362
Interest received	<b>5,246</b>	5,757
	<b>-----</b>	<b>-----</b>
<b>Net cash used in investing activities</b>	<b>(60,787)</b>	(76,144)
	<b>-----</b>	<b>-----</b>

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of cash flows (unaudited) (continued)  
for the six month period ended 30 June 2015

	<b>Six month period ended 30 June</b>	
	<b>2015</b>	2014
	<b>AED'000</b>	AED'000
<b>Financing activities</b>		
Long term bank loans availed	<b>990,173</b>	167,924
Long term bank loans repaid	<b>(627,264)</b>	(135,716)
Net movement in short term bank borrowings (net)	<b>(61,855)</b>	(80,356)
Interest paid	<b>(20,553)</b>	(26,881)
Dividend paid	<b>(286,133)</b>	(111,480)
Directors' fees	<b>(4,228)</b>	(2,400)
Dividend paid to non-controlling interests	<b>(33,032)</b>	(7,246)
Funds invested by non-controlling interests	-	752
	-----	-----
<i>Net cash used in financing activities</i>	<b>(42,892)</b>	(195,403)
	-----	-----
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>134,389</b>	(235,774)
Cash and cash equivalents at the beginning of the period	<b>331,381</b>	436,004
	-----	-----
<b>Cash and cash equivalents at the end of the period</b>	<b>465,770</b>	200,230
	=====	=====
<b>Represented by:</b>		
Cash in hand and at bank (net of bank deposit on lien)	<b>644,614</b>	314,797
Bank overdraft	<b>(178,844)</b>	(114,567)
	-----	-----
	<b>465,770</b>	200,230
	=====	=====

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 six month period ended 30 June 2015

	-----Attributable to equity holders of the Company-----											
	Share capital	Share premium	Legal reserve	Translation reserves	Hyper inflation reserve	General Reserves	Capital Reserves	Retained earnings	Total reserves	Total parent equity	Non- controlling Interests (NCI)	Total equity
	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	-	-	-	-	-	-	-	151,296	151,296	151,296	(1,399)	149,897
<b>Other comprehensive income (restated)</b>												
Foreign currency translation reserve	-	-	-	3,495	(7,704)	-	-	-	(4,209)	(4,209)	(1,128)	(5,337)
Hyperinflationary effect (refer notes 22 & 27)	-	-	-	-	207,746	-	-	-	207,746	207,746	8,082	215,828
	----	----	----	-----	-----	----	----	-----	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	-	-	-	3,495	200,042	-	-	151,296	354,833	354,833	5,555	360,388
<b>Other equity movements (unaudited)</b>												
Transfer to legal reserve			21,074					(21,074)	-	-	-	-
Bonus shares issued	74,321	-	-	-	-	-	-	(74,321)	(74,321)	-	-	-
<b>Transactions with owners of the Company directly recorded in equity (unaudited)</b>												
Directors' fees	-	-	-	-	-	-	-	(2,400)	(2,400)	(2,400)	-	(2,400)
Dividend declared	-	-	-	-	-	-	-	(111,480)	(111,480)	(111,480)	(7,246)	(118,726)
<b>Changes in ownership interests in subsidiaries</b>												
Funds invested by NCI	-	-	-	-	-	-	-	-	-	-	752	752
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
<b>At 30 June 2014 (unaudited)</b>	<b>817,523</b>	<b>221,667</b>	<b>374,929</b>	<b>(65,134)</b>	<b>(60,139)</b>	<b>82,805</b>	<b>55,044</b>	<b>1,287,720</b>	<b>1,896,892</b>	<b>2,714,415</b>	<b>165,034</b>	<b>2,879,449</b>
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

# Ras Al Khaimah Ceramics PSC and its subsidiaries

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

for the six month period ended 30 June 2015

	-----Attributable to owner of the Company-----										Non- controlling interests (NCI) AED '000	Total equity AED '000
	Share capital AED '000	Share premium AED '000	Legal reserve AED '000	Translation reserves AED '000	Hyper inflation reserve AED '000	General reserves AED '000	Capital reserves AED '000	Retained earnings AED '000	Total reserves AED '000	Total parent equity 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	-	-	-	-	-	-	-	136,928	136,928	136,928	9,428	146,356
<b>Other comprehensive income</b>												
Foreign currency translation reserve	-	-	-	(3,846)	(15,098)	-	-	-	(18,944)	(18,944)	(3,052)	(21,996)
Hyperinflation adjustment (refer notes 22 & 27)	-	-	-	-	29,904	-	-	-	29,904	29,904	3,414	33,318
<b>Total comprehensive income for the period</b>	-	-	-	(3,846)	14,806	-	-	136,928	147,888	147,888	9,790	157,678
<b>Other equity movements (unaudited)</b>												
Director's fees	-	-	-	-	-	-	-	(3,639)	(3,639)	(3,639)	(589)	(4,228)
Transfer to legal reserve	-	-	41,193	-	-	-	-	(41,193)	-	-	-	-
<b>Transactions with owners of the Company directly recorded in equity (unaudited)</b>												
Dividend declared								(286,133)	(286,133)	(286,133)	-	(286,133)
Dividend distributed to NCI	-	-	-	-	-	-	-	-	-	-	(33,032)	(33,032)
<b>Changes in ownership interests in subsidiaries</b>												
Increase in NCI due to disposal of subsidiaries (refer note 23)	-	-	-	-	-	-	-	-	-	-	7,454	7,454
<b>At 30 June 2015 (unaudited)</b>	<b>817,523</b>	<b>221,667</b>	<b>437,453</b>	<b>(83,170)</b>	<b>(64,875)</b>	<b>82,805</b>	<b>55,044</b>	<b>1,199,977</b>	<b>1,848,901</b>	<b>2,666,424</b>	<b>210,128</b>	<b>2,876,552</b>

The notes on pages 9 to 27 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 six month period ended 30 June 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 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 six month period ended 30 June 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 six month period ended 30 June 2015 *(Unaudited)*

## 4 New standards, interpretations and amendments

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 these standards 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

	Six month period ended 30 June		Three month period ended 30 June	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<i>These include:</i>				
Staff costs	49,522	53,065	24,296	26,474
Depreciation	10,783	14,443	5,500	8,726
Telephone, postal and office supplies	4,665	4,067	2,460	2,226
Repairs and maintenance	1,271	8,609	874	7,287
Legal and professional fee	4,225	17,827	1,564	15,065
Amortization of intangible assets	1,737	1,172	845	752
Impairment loss on trade receivables	9,403	27,651	5,111	9,866
Impairment loss on assets classified as held for sale (refer note 24)	52,800	-	4,400	-
	=====	=====	=====	=====

## 7 Selling and distribution expenses

	Six month period ended 30 June		Three month period ended 30 June	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<i>These include:</i>				
Staff costs	34,966	31,459	17,717	15,757
Freight and transport	48,414	60,605	17,887	24,230
Performance rebates	37,269	46,864	18,940	21,673
Advertisement and promotions	28,745	16,596	17,378	10,720
Travel and entertainment	231	664	99	301
Depreciation	559	429	303	217
	=====	=====	=====	=====

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 8 Finance income and expense

	Six month period ended 30 June		Three month period ended 30 June	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
<b>Finance income</b>				
Interest on fixed deposits	1,951	2,932	823	1,353
Interest on amounts due from related parties	1,962	5,656	888	1,824
Net foreign exchange gain	-	3,196	5,389	644
Others	1,333	177	655	99
	-----	-----	-----	-----
Total finance income	5,246	11,961	7,755	3,920
	=====	=====	=====	=====
<b>Finance expense</b>				
Interest on bank borrowings	20,517	26,438	9,542	11,833
Net change in the fair value of derivatives	3,125	-	3,083	-
Bank charges	3,582	5,914	1,782	2,594
Net foreign exchange loss	15,765	-	-	-
	-----	-----	-----	-----
Total finance expenses	42,989	32,352	14,407	14,427
	=====	=====	=====	=====
Net finance expense recognised in profit or loss	37,743	20,391	6,652	10,507
	=====	=====	=====	=====

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

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

During the six month period ended 30 June 2015, the Group acquired property, plant and equipment and made additions to capital work in progress amounting to AED 99.35 million *(six month period ended 30 June 2014: AED 118.4 million)*.

Property, plant and equipment with net book value of AED 0.19 million were disposed during the current period *(six month period ended 30 June 2014: AED 3.0 million)* resulting in a gain on disposal of AED 3.54 million *(six month period ended 30 June 2014: AED 2.40 million)* which is included in other income in the condensed consolidated statement or profit or loss.

Depreciation charge on property, plant and equipment for the current period amounted to AED 94.21 million *(six month period ended 30 June 2014: AED 83.29 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 six month period ended 30 June 2015 *(Unaudited)*

## 10 Investments in equity accounted investees

Effective 1 April 2015, the Group has sold its 39% shareholding in a subsidiary namely RAK Watertech LLC and recognised the remaining investment of 51% as an equity accounted investee as the control over RAK Watertech LLC's operations are jointly controlled with the other shareholder. The fair value of the remaining investment at the disposal date amounted to AED 2.58 million. Also refer note 23.

The Group's share of profit in equity accounted investees for the six month period ended 30 June 2015 amounted to AED 11.86 million *(six month period ended 30 June 2014: AED 19.50 million)*.

The Group has received a dividend of AED 11.39 million during the current period from equity accounted investees *(six month period ended 30 June 2014: AED 28.4 million)*.

During the six month period ended 30 June 2015, the Group has disposed of 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)
	=====	=====	=====

## 11 Inventories

	<b>30 June 2015 AED'000 (Unaudited)</b>	<b>31 December 2014 AED'000 (Audited)</b>
Finished goods (net of net realisable value write down)	672,002	667,988
Less: provision for slow moving and obsolete inventories	(56,920)	(42,535)
	-----	-----
	615,082	625,453
Raw materials	272,778	313,128
Goods-in-transit	64,344	31,341
Work-in-progress	31,317	19,330
Stores and spares	205,913	199,707
	-----	-----
	1,189,434	1,188,959
Less: provision for slow moving raw materials and stores and spares	(51,144)	(49,568)
	-----	-----
Total	1,138,290	1,139,391
	=====	=====

At 30 June 2015, the Group has recognised a cumulative loss due to write-down of finished goods inventories of AED 42.08 million against cost of AED 270.5 million *(31 December 2014: AED 30.50 million against the cost of AED 211.80 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 statement of profit or loss. Also refer note 22

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 12 Trade and other receivables

	<b>30 June 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Trade receivables	<b>1,154,837</b>	1,082,919
Less: allowance for impairment loss	<b>(143,554)</b>	(145,543)
	-----	-----
	<b>1,011,283</b>	937,376
Advances and prepayments	<b>131,461</b>	118,357
Deposits	<b>20,393</b>	10,502
Other receivables	<b>78,731</b>	103,820
	-----	-----
	<b>1,241,868</b>	1,170,055
	=====	=====

## 13 Cash in hand and at bank

	<b>30 June 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Cash in hand	<b>1,861</b>	1,628
Cash at bank		
- in fixed deposits	<b>82,414</b>	114,365
- in current accounts	<b>465,057</b>	314,643
- in margin deposits	<b>4,294</b>	2,540
- in call accounts	<b>73,519</b>	15,170
	-----	-----
	<b>627,145</b>	448,346
	=====	=====

Cash in hand and cash at bank includes AED 0.33 million (31 December 2014: AED 0.47 million) and AED 72.89 million (31 December 2014: AED 115.1 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 20.71 million (31 December 2014: AED 4.69 million) which are held by banks under lien against bank facilities availed by the Group.

## 14 Share capital

	<b>30 June 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	<b>170,000</b>	170,000
647,522,200 shares of AED 1 each issued as bonus shares	<b>647,523</b>	647,523
	-----	-----
	<b>817,523</b>	817,523
	=====	=====

- (i) At the Annual General Meeting (AGM) held on 26 April 2015, the shareholders approved cash dividend of 35% which was proposed by the Board of Directors.
- (ii) At the Annual General Meeting (AGM) held on 26 April 2015, the shareholders approved the proposed Directors' fees amounting to AED 3.7 million 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 six month period ended 30 June 2015 *(Unaudited)*

## 15 Trade and other payables

	<b>30 June 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Trade payable	470,006	439,577
Accrued and other expenses	220,825	221,908
Advances from customers	71,259	71,837
Commission and rebates payable	48,290	44,750
Other payables	30,959	28,843
	-----	-----
	<b>841,339</b>	806,915
	=====	=====

## 16 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, jointly controlled entities, 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 those already disclosed elsewhere in these consolidated condensed financial information, are as follows:

	<b>Six month period ended 30 June</b>	
	<b>2015 (Unaudited) AED'000</b>	2014 (Unaudited) AED'000
Sales	160,245	146,216
Purchases	100,036	71,003
	=====	=====

### *Compensation to key management personnel:*

Salaries and benefits	9,498	9,496
End of service benefits	303	220
	=====	=====

	<b>30 June 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
<b>Due from related parties</b>		
Equity accounted investees	525,748	408,454
Other related parties	28,716	22,573
Less: allowance for impairment loss	(137,744)	(138,230)
	-----	-----
	<b>416,720</b>	292,797
	=====	=====

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 16 Related party transactions (continued)

	<b>30 June 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
<b>Due to related parties:</b>		
Equity accounted investees	29	8,104
Others related parties	98,459	55,593
	-----	-----
	<b>98,488</b>	63,697
	=====	=====

### (i) Settlement of certain related party receivable balances

During the six month period ended 30 June 2014, the ultimate beneficial owner of certain related parties had settled balances payable by these related parties to the Group having a carrying value of AED 839.3 million (net) in the form of a plot of land on behalf of these related parties. Accordingly, the Group received a plot of land in consideration of the settlement of these related party balances.

The land was fair valued by an independent valuer in accordance with the requirements of IFRS 13: Fair value measurement, at AED 899.3 million which was recognised as an investment property and a gain of AED 59.1 million (net of transaction costs) on the settlement of the above mentioned related party balances was recognised in profit or loss. The cost of investment property acquired in exchange for the related party receivables (monetary assets) was determined at the fair value of the investment property received.

## 17 Bank borrowings

	<b>30 June 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
<b>(i) Short term</b>		
Bank overdrafts	177,095	122,286
Short-term loans	441,320	499,041
Trust receipts	127,599	131,733
Current portion of long-term bank loans (refer note (ii) below)	234,897	346,122
	-----	-----
	<b>980,911</b>	1,099,182
	=====	=====
	<b>Six month period ended 30 June 2015 AED'000 (Unaudited)</b>	Year ended 31 December 2014 AED'000 (Audited)
<b>(ii) Long term bank loans</b>		
Opening balance	1,116,510	1,247,060
Add: availed during the period / year	990,173	165,330
Less: repayments made during the period / year	(627,264)	(295,880)
	-----	-----
Closing balance – 30 June 2015/31 December 2014	1,479,419	1,116,510
Less: current portion of term loans (refer note (i) above)	(234,897)	(346,122)
	-----	-----
Long-term portion of term loans – 30 June 2015/31 December 2014	<b>1,244,522</b>	770,388
	=====	=====

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 17 Bank borrowings (continued)

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 against similar bank securities and have a maturity profile ranging from 2016 to 2022 *(31 December 2014: 2015 to 2019)* and interest rates in the range of 1.75% to 3.5% *(31 December 2014: 2.25% to 3.25%)*.

Long term loans, short term loans and trust receipt includes islamic financing of AED 0.07 million, nil and AED 90.14 million *(31 December 2014: AED 0.13 million, AED 183.68 million and AED 113.99 million)* respectively.

## 18 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
<b>30 June 2015</b>					
<b>Forward contracts</b>	-	<b>3,125</b>	<b>82,080</b>	<b>82,080</b>	-
	---	-----	-----	-----	---
	-	<b>3,125</b>	<b>82,080</b>	<b>82,080</b>	-
	==	=====	=====	=====	==
<b>31 December 2014</b>					
Currency swaps	29	-	3,835	3,835	-
	---	----	-----	-----	---
	29	-	3,835	3,835	-
	==	====	=====	=====	==

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 18 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 30 June 2015, the Group held the following classes of financial instruments measured at fair value:

	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>30 June 2015</b>			
<i>Financial liabilities</i>			
<b>Derivative financial liabilities- net</b>	-	3,125	-
	--	-----	--
	-	3,125	-
	==	====	==
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000
<b>31 December 2014</b>			
<i>Financial assets</i>			
<b>Derivative financial assets - net</b>	-	29	-
	--	----	--
	-	29	-
	==	==	==

During the six month period ended 30 June 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 liabilities*

The fair values of interest rate swap and 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 six month period ended 30 June 2015 *(Unaudited)*

## 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 30 June 2015, calculated as follows:

### Six month period ended 30 June 2015 *(Unaudited)*

	2015	2014	2015	2014	2015	2014
	Continuing operations		Discontinuing operations		Total	
Net profit / (loss) attributable to owners of the Company (AED'000)	<b>140,477</b>	151,483	<b>(3,538)</b>	(187)	<b>136,939</b>	151,296
Weighted average number of shares outstanding ('000)	<b>817,523</b>	817,523	<b>817,523</b>	817,523	<b>817,523</b>	817,523
Earnings / (loss) per share (AED)	<b>0.17</b>	0.19	<b>0.00</b>	0.00	<b>0.17</b>	0.19

### Three month period ended 30 June 2015 *(Unaudited)*

	2015	2014	2015	2014	2015	2014
	Continuing Operations		Discontinuing operations		Total	
Net profit / (loss) attributable to owners of the Company (AED'000)	<b>80,159</b>	88,837	<b>(1,093)</b>	4,436	<b>79,066</b>	93,273
Weighted average number of shares outstanding ('000)	<b>817,523</b>	817,523	<b>817,523</b>	817,523	<b>817,523</b>	817,523
Earnings / (loss) per share (AED)	<b>0.10</b>	0.11	<b>0.00</b>	0.00	<b>0.10</b>	0.11

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 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 six month period ended 30 June 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 one to five years, with an option to renew the lease after that date. Lease rentals are usually reviewed periodically to reflect market rentals.

	<b>30 June 2015 AED'000 (Unaudited)</b>	31 December 2014 AED'000 (Audited)
Less than one year	<b>23,871</b>	21,916
Between two and five years	<b>65,922</b>	65,370
More than five years	<b>125,915</b>	134,411
	<b>----- 215,708 =====</b>	<b>----- 221,697 =====</b>

## 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
30 June 2015	528	1.081	527	1.148
31 December 2014	489	1.315	457	1.419
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.

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 22 Hyperinflationary accounting (continued)

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)

	30 June 2015 AED'000
<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	16,248
Impact on profit or loss during the current period	(6,828)
	-----
	9,420
	=====

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

	30 June 2015 AED'000
<i>Impact on statement of financial position</i>	
Decrease in property plant and equipment	(1,082)
Decrease in intangible assets	(108)
Increase in inventories	488
	-----
Decrease in net book value	(702)
	=====
<i>Allocated to:</i>	
Increase in opening equity and non-controlling interests due to hyperinflation since 31 December 2014	17,070
Foreign currency translation reserve	(634)
Impact on profit or loss during the current period	(17,138)
	-----
	(702)
	=====

The net impact of hyperinflationary accounting in Sudan and Iran during the current period on net monetary position amounts to a loss of AED 5.16 million *(six month period ended June 2014: AED 15.7 million)*. Refer note 25.

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 23 Disposal of subsidiaries and non-controlling interests

### Disposal of subsidiaries in 2015

- (i) During the current period, the Group disposed its entire 55% and 75.71% shareholdings in "RAK Pharmaceutical Private Limited" and "RAK Piling LLC" and recognised a net gain of AED 0.56 million and AED 0.29 million respectively. Furthermore, the disposals resulted in net increase in non-controlling interests of AED 7.96 million.
- (ii) Effective 1<sup>st</sup> April 2015, the Group has disposed of its 39% holding in a subsidiary namely "RAK Watertech LLC" and has recognised the remaining investment of 51% at fair value as an equity accounted investee.

The fair values of the identifiable assets and liabilities of RAK Watertech LLC at the disposal date were as follows:

	AED'000
<b>Assets</b>	
Property, plant and equipment	293
Investment in equity accounted investee	2,510
Inventories	1,223
Trade and other receivables	30,641
Cash in hand and at bank	13,375
	-----
	48,042
<b>Liabilities</b>	
Staff terminal benefits	(659)
Trade and other payables	(42,325)
	-----
<b>Net assets</b>	5,058
Less: carrying value of non-controlling interests	(506)
Less: fair value of residual interest retained (refer note 10)	(2,580)
Less: sale consideration	(4,247)
	-----
<b>Gain on disposal</b>	(2,275)
	=====

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 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. 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.

Further, in the current period the Group has also signed sale purchase agreements to sell “Al Hamra Aluminium and Glass Industries LLC” and “RAK Gypsum and Decoration LLC” at a consideration of AED 6.8 million and AED 1.1 million respectively. The disposals have not been recorded in the current period as certain pre completion conditions are not fulfilled as at reporting date. Accordingly, these entities are presented as disposal group held for sale.

However, as the agreed consideration which represents the fair value of the respective entities in the disposal group is lower than their carrying values, impairment loss of AED 52.8 million has been recognised during the current period.

	Sudan AED'000	Others AED'000	Total AED'000
	-----30 June 2015-----		
Property, plant and equipment	120,032	1,641	121,673
Inventories	75,522	1,980	77,502
Trade and other receivables	49,199	21,116	70,315
Cash in hand and at bank	37,977	204	38,181
	-----	-----	-----
	282,730	24,941	307,671
Less: Impairment loss	(48,400)	(4,400)	(52,800)
	-----	-----	-----
<b>Assets held for sale</b>	<b>234,330</b>	<b>20,541</b>	<b>254,871</b>
	=====	=====	=====
Trade and other payables	11,035	11,232	22,267
	-----	-----	-----
<b>Liabilities held for sale</b>	<b>11,035</b>	<b>11,232</b>	<b>22,267</b>
	=====	=====	=====
<b>Net assets</b>	<b>223,295</b>	<b>9,309</b>	<b>232,604</b>
	=====	=====	=====

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

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

	30 June 2015 AED'000
Foreign currency translation reserve (debit)	(152,752)
Hyperinflation effect (credit)	184,784
	-----
Net amount in OCI which may be subsequently reclassified to profit or loss on disposal	32,032
	=====

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 (Unaudited)

## 25 Discontinued operations

During the year ended 31 December 2014, the Group classified its subsidiaries namely “Ceramics Ras Al Khaima Sudanese Investment Company Limited” (Sudan), and “RAK Pharmaceuticals Private Limited” (Bangladesh) as held for sale and accordingly the results from these operations were presented as discontinued operations.

Furthermore, during the current period ended 30 June 2015, the Group also classified its subsidiaries namely “Al Hamra Aluminium and Glass Industries LLC” (AHAG) and “RAK Gypsum and Decoration LLC” (RGD) as held for sale and accordingly the results from these operations are also 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 six month period ended 30 June 2014 has been restated to show the discontinued operations separately from continuing operations. During the period ended 30 June 2015, the Group has sold its investment in RAK Pharmaceuticals Private Limited which was previously classified as held for sale. The operations of other subsidiaries (held for sale) continue to be classified as discontinued.

	Six month period ended -----30 June 2015-----				
	Sudan AED'000	AHAG AED'000	RGD AED'000	Pharma AED'000	Total AED '000
Revenue	29,722	76	46	-	29,844
Expense	(28,715)	(2,431)	(794)	-	(31,940)
Loss on net monetary position (refer note 22)	(2,306)	-	-	-	(2,306)
	-----	-----	----	---	-----
Loss for the period	(1,299)	(2,355)	(748)	-	(4,402)
	=====	=====	====	==	=====
	Six month period ended -----30 June 2014-----				
	Sudan AED'000	AHAG AED'000	RGD AED'000	Pharma AED'000	Total AED '000
Revenue	93,920	4,908	1,789	10,621	111,238
Expense	(81,395)	(4,231)	(2,268)	(13,490)	(101,384)
Loss on net monetary position (refer note 22)	(11,797)	-	-	-	(11,797)
	-----	----	----	-----	-----
Loss for the period	728	677	(479)	(2,869)	(1,943)
	====	====	====	=====	=====

The loss from the discontinued operations to the extent of AED 6.40 million (2014: loss of AED 0.19 million) is attributable to the owners of the Company. Of the profit from continuing operations of AED 152.32 million (2014: AED 151.84 million), an amount of AED 141.88 million is attributable to the owners of the Company (2014: AED 151.49 million).

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 25 Discontinued operations

### *Cash flows from discontinued operations*

	<b>Six month period ended</b>	
	<b>30 June 2015 (Unaudited) AED'000</b>	<b>30 June 2014 (Unaudited) AED'000</b>
Net cash generated from / (used in) operating activities	<b>35,650</b>	(138)
	=====	=====
Net cash generated from / (used in) investing activities	<b>86</b>	(3,706)
	==	=====
Net cash (used) in / generated from financing activities	<b>(6,595)</b>	6,742
	=====	=====

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

	<b>30 June 2015 AED'000</b>
<b>Assets</b>	
Property, plant and equipment	26,538
Intangible assets	4,693
Inventories	3,416
Trade and 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 received	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 six month period ended 30 June 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.



# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 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>Six month period ended 30 June 2015</i>						
External revenue	1,221,737	149,615	125,820	50,956	-	1,548,128
Inter segment revenue	89,580	6,902	67,187	43,666	(207,335)	-
Total revenue	1,311,317	156,517	193,007	94,622	(207,335)	1,548,128
Segment profit / (loss) for the period	347,836	17,741	30,692	5,199	(255,112)	146,356
<i>As at 30 June 2015</i>						
Total assets	7,289,086	636,375	470,702	361,857	(2,485,185)	6,272,835
Total liabilities	3,950,895	411,665	109,712	146,303	(1,222,292)	3,396,283
<i>Six month period ended 30 June 2014</i>						
External revenue	1,339,751	99,371	51,607	59,649	-	1,550,378
Inter segment revenue	96,258	27,508	78,348	58,026	(260,140)	-
Total revenue	1,436,009	126,879	129,955	117,675	(260,140)	1,550,378
Segment profit / (loss) for the period	176,705	(5,748)	14,555	9,100	(44,715)	149,897
<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

	30 June 2015 AED'000 (Unaudited)	30 June 2014 AED'000 (Unaudited)
Total profit or loss for reportable segments after tax	389,609	175,079
Elimination of inter-segment profits	(255,112)	(44,715)
Share of profit in equity accounted investees	11,859	19,533
	146,356	149,897

# Ras Al Khaimah Ceramics PSC and its subsidiaries

Notes to the condensed consolidated interim financial information *(continued)*  
for the six month period ended 30 June 2015 *(Unaudited)*

## 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:

	<b>Translation reserve AED' 000</b>	<b>Hyperinflation reserve AED' 000</b>
Balance as at 1 January 2014 (as previously stated)	<b>328,810</b>	-
Reclassification	<b>(260,181)</b>	<b>260,181</b>
	-----	-----
Balance as at 1 January 2014 (restated)	<b>68,629</b>	<b>260,181</b>
	=====	=====
Other comprehensive income for the period 2014 (as previously stated)	<b>(4,209)</b>	-
Reclassification	<b>(7,704)</b>	<b>7,704</b>
	-----	-----
Other comprehensive income (restated)	<b>3,495</b>	<b>7,704</b>
	=====	=====

## 28 Subsequent events

Subsequent to the reporting date, the Board of Directors in their meeting held on 9 July 2015 have resolved to purchase the remaining 20% shareholding of a subsidiary in Iran, RAK Ceramics PJSC Limited, to convert it into a wholly owned subsidiary. Furthermore, the Board of Directors have also resolved to purchase 7.57% in RAK Ceramics India Private Limited resulting in the Group's holding in this entity to 97.57%.