



RAK

CERAMICS

Close to you worldwide

Condensed consolidated interim financial information
30 September 2015

Ras Al Khaimah Ceramics PSC and its Subsidiaries

Condensed consolidated interim financial information

30 September 2015

Table of contents

Section A:

1. Report of the Board of Directors

Section B:

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



RAK Ceramics PSC

Report of the Board of Directors

On financial performance during the Nine months ending 30 September 2015

02 November 2015

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 Nine months ended on 30 September 2015.

During the period, the Group continued its focus on core operations. UAE & KSA markets continued to show strong growth with the UAE growing at 7.5% and Saudi growing at 10.5%. The Euro depreciation and decline in oil prices affected our export sale to Europe and North Africa.

The Group has acquired the remaining stakes of its subsidiaries in India and Iran, making them wholly owned subsidiaries. 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 fourth quarter of 2015. It has also completed the sale of its stake in Al Hamra Aluminium and Glass Industries LLC and RAK Gypsum and Decorations LLC and recognized gain of AED 1.9 million. 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 nine months, amounted to AED 2,331 million, almost at same level of the same period of last year. Although core revenue is marginally lower by 1.2% to AED 1,969.3 million, core gross margin increased by 190 bps to 30.6%. 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 228.4 million (AED 207.3 million for same period in 2014). Foreign exchange loss during the period amounted to AED 24.7 million against last year's loss of AED 4.5 million during same period.

This result is after considering the following: –

- effect of hyperinflation in both the periods;
- impairment provision of AED 48.4 in respect of subsidiary in Sudan
- 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 5.1 million on sale of stake in other group companies as mentioned above.

Financial highlights for the Nine month period ended 30 September 2015

Particulars	Unit	YTD 2015 September 30	YTD 2014 September 30	Change
Total Revenue	AED Mio	2,330.9	2,335.2	(0.18%)
Gross Profit	AED Mio	678.1	621.6	9.1%
GP Margin	%	29.1%	26.6%	250 bps
EBITDA	AED Mio	457.5	464.6	(1.5%)
EBITDA Margin	%	19.6%	19.9%	(30 bps)
Reported Net Income	AED Mio	228.4	207.3	10.2%
Effect of Hyper-inflation– Loss	AED Mio	32.6	51.7	(36.9%)
Adjusted Net Income	AED Mio	261.0	259.0	0.7%
Reported Income after NCI (Minority)	AED Mio	211.6	212.3	(0.33%)
Reported Earnings per share	AED	0.26	0.26	-
Reported Earnings per share from Continuing Operations	AED	0.26	0.28	(0.2)
		YTD 2015 September 30	2014 December 31	Change
Total Assets	AED Mio	6,205.2	5,999.9	3.42%
Share Capital	AED Mio	817.5	817.5	-
Shareholders' Equity	AED Mio	2,912.7	3,034.8	(4.0%)
Net Debt#	AED Mio	1,593.2	1,421.2	12.1%
Net Debt / EBITDA	Times	2.6	2.4	-
Cost of Debt	%	2.45%	3.0%	(55bps)

* 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 third quarter

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

RAK Ceramics supported the Department of Art and Design at Dubai British School by donating tiles to 275 students aged 11 to 14 years old. The tiles were used by students to create their own designs as part of a project inspired by Islamic Art and Arab Culture in the spirit of Ramadan.

RAK Ceramics participated in Cersai exhibition in Italy, with two dedicated stands one for tiles and other for sanitary ware. The tile stand focused on the enormous and majestic Maximus Mega Slab – the latest in extra-large format slabs produced using SACMI Continua+ technology. The sanitary ware stand focused on bath ware from its Resort, Harmony and Moon ranges as well as launching a collection of complementary accessories

including cabinets, cisterns, seat covers with integrated bidets and urinal accessories. The newly launched products were well appreciated by the visitors.

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

02 NOV 2015



Director



Chief Executive Officer

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

**Condensed consolidated
interim financial information**
30 September 2015

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated interim financial information

30 September 2015

Table of contents

	<i>Page</i>
Independent auditors' report on review of condensed consolidated interim financial information	1
Condensed consolidated statement of profit or loss	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of financial position	4
Condensed consolidated statement of cash flows	5 - 6
Condensed consolidated statement of changes in equity	7 - 8
Notes to the condensed consolidated interim financial information	9 - 32



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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 September 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 September 2015;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2015;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2015;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2015;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 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 30 September 2015 condensed consolidated interim financial information 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: 02 NOV 2015

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of profit or loss (unaudited)
for the nine month period ended 30 September 2015

		Nine month period ended 30 September		Three month period ended 30 September	
		2015	2014	2015	2014
	Note	AED'000	AED'000	AED'000	AED'000
Continuing operations					
Revenue		2,330,907	2,335,245	782,779	784,867
Cost of sales	6	(1,652,780)	(1,713,679)	(542,498)	(575,313)
Gross profit		678,127	621,566	240,281	209,554
Administrative and general expenses	7	(231,018)	(218,126)	(73,291)	(60,049)
Selling and distribution expenses	8	(251,676)	(246,962)	(88,735)	(78,998)
Other income		48,964	40,810	15,408	14,358
Operating profit		244,397	197,288	93,663	84,865
Finance expense	9	(64,851)	(55,523)	(21,862)	(26,367)
Finance income	9	6,832	15,110	1,586	6,345
Share of profit in equity accounted investees	11	19,102	31,590	7,243	12,057
Gain on disposal of equity accounted investees	11	38,480	-	-	-
Gain on disposal of subsidiaries	24	5,089	-	1,964	-
Gain on settlement of related party balances	17(i)	-	59,082	-	-
Loss on net monetary position	23	(4,224)	(2,821)	(1,369)	1,086
Profit before tax from continuing operations		244,825	244,726	81,225	77,986
Tax expense		(15,928)	(18,277)	(3,086)	(3,377)
Profit from continuing operations		228,897	226,449	78,139	74,609
Discontinued operations					
(Loss)/profit from discontinued operations	26	(451)	(19,139)	3,951	(17,195)
Profit for the period		228,446	207,310	82,090	57,414
<i>Profit attributable to:</i>					
Owners of the Company		211,570	212,314	74,631	61,018
Non-controlling interests		16,876	(5,004)	7,459	(3,604)
Profit for the period		228,446	207,310	82,090	57,414
Earnings per share-					
basic and diluted (AED)	20	0.26	0.26	0.09	0.07
Earnings per share – continuing operations					
basic and diluted (AED)	20	0.26	0.28	0.09	0.09

The notes on pages 9 to 32 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 nine month period ended 30 September 2015

	Note	Nine month period ended 30 September		Three month period ended 30 September	
		2015 AED'000	2014 AED'000 Restated*	2015 AED'000	2014 AED'000 Restated*
Profit for the period		228,446	207,310	82,090	57,414
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation differences		(36,998)	(28,848)	(15,002)	(23,511)
Hyperinflation effect	23&28	36,163	214,154	2,845	(1,675)
Total comprehensive income for the period		227,611	392,616	69,933	32,228
<i>Total comprehensive income attributable to:</i>					
Owners of the Company		209,805	393,043	61,917	38,210
Non-controlling interests		17,806	(427)	8,016	(5,982)
Total comprehensive income		227,611	392,616	69,933	32,228

*Refer note 28.

The notes on pages 9 to 32 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 September 2015

	Note	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	10	1,074,333	1,180,605
Capital work-in-progress	10	179,397	73,268
Goodwill		50,356	50,356
Intangible assets		17,283	19,391
Investment properties	17(i)	1,155,978	1,113,879
Investments in equity accounted investees	11	145,146	151,276
Deferred tax assets		226	268
		<u>2,622,719</u>	<u>2,589,043</u>
Current assets			
Inventories	12	1,146,654	1,139,391
Trade and other receivables	13	1,131,549	1,170,055
Contract work-in-progress		16,245	28,598
Due from related parties	17	525,263	292,797
Derivative financial assets	19	-	29
Cash in hand and at bank	14	508,126	448,346
Assets classified as held for sale	25	254,641	331,616
		<u>3,582,478</u>	<u>3,410,832</u>
Total assets		<u>6,205,197</u>	<u>5,999,875</u>
Equity and liabilities			
Equity			
Share capital	15	817,522	817,522
Reserves		1,914,572	1,990,785
Equity attributable to owners of the Company		<u>2,732,094</u>	<u>2,808,307</u>
Non-controlling interests		180,572	226,505
Total equity		<u>2,912,666</u>	<u>3,034,812</u>
Non-current liabilities			
Islamic long term bank borrowings	18(a)(ii)	-	18
Other long term borrowings	18(b)(ii)	1,350,315	770,370
Provision for employees' end-of-service benefits		76,791	78,864
Deferred tax liabilities		7,738	8,755
		<u>1,434,844</u>	<u>858,007</u>
Current liabilities			
Islamic short-term bank borrowings	18(a)(i)	358,052	297,773
Other short-term bank borrowings	18(b)(i)	392,947	801,409
Trade and other payables	16	868,558	806,916
Billings in excess of valuation		8,358	3,316
Provision for taxation		117,623	103,135
Due to related parties	17	96,136	63,697
Derivative financial liabilities	19	3,493	-
Liabilities classified as held for sale	25	12,520	30,810
		<u>1,857,687</u>	<u>2,107,056</u>
Total liabilities		<u>3,292,531</u>	<u>2,965,063</u>
Total equity and liabilities		<u>6,205,197</u>	<u>5,999,875</u>

The notes on pages 9 to 32 are an integral part of these condensed consolidated interim financial information.

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

Chairman

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 nine month period ended 30 September 2015

	Nine month period ended 30 September	
	2015	2014
	AED'000	AED'000
Operating activities		
Profit for the period before tax	244,374	225,587
<i>Adjustments for:</i>		
Share in profit of equity accounted investees	(19,102)	(31,590)
Loss on net monetary position	6,530	21,084
Gain on settlement of related party balances	-	(59,082)
Interest expense	33,581	44,490
Interest income	(5,499)	(14,883)
Gain on disposal of property, plant and equipment	(7,711)	(2,453)
Gain on disposal of Investment property	(2,038)	-
Gain on sale of a subsidiary	(5,089)	-
Gain on sale of equity accounted investees	(38,480)	-
Depreciation on property, plant and equipment	147,819	137,507
Amortization of intangible assets	2,300	2,038
Capital work-in-progress written off	1,412	5,032
Depreciation on investment property	6,944	5,443
Provision for employees' end-of-service benefits	9,843	17,625
	-----	-----
	374,884	350,798
 Change in:		
- inventories (including contract work-in-progress)	(6,149)	(21,982)
- trade and other receivables	3,098	(168,436)
- due from related parties (including long term)	(193,946)	8,485
- assets classified as held for sale	66,679	
- trade and other payables (including billings-in-excess of valuation)	69,150	(29,184)
- due to related parties	42,445	(16,620)
- liabilities classified as held for sale	1,285	1,225
- derivative financial assets	3,522	
- deferred tax assets	42	2,460
- deferred tax liabilities	(1,017)	85
Income tax paid	(5,091)	16,715
Employees' end-of-service benefits paid	(11,059)	(20,489)
Currency translation adjustment	(6,612)	(16,642)
	-----	-----
Net cash from operating activities	337,231	104,015
	-----	-----
Investing activities		
Acquisition of property, plant and equipment and capital work-in-progress	(205,480)	(238,953)
Acquisition of investment property	-	(19)
Change in bank deposits	(19,321)	11,492
Proceeds from sale of property, plant and equipment	10,275	2,888
Proceeds from disposal of a subsidiary	17,044	-
Proceeds from sale of investment properties	17,800	-
Acquisition of intangible assets	(244)	(491)
Proceed from sale of equity accounted investee	49,031	-
Dividend received from equity accounted investees	15,570	32,408
Interest income received	5,499	11,875
	-----	-----
Net cash used in investing activities	(109,826)	(180,800)
	-----	-----

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

	Nine month period ended 30 September	
	2015	2014
	AED'000	AED'000
Financing activities		
Long term bank loans availed	1,466,230	168,025
Long term bank loans repaid	(1,091,388)	(219,301)
Net movement in short term bank borrowings	(142,109)	10,470
Interest paid	(33,581)	(44,490)
Dividend paid to non-controlling interests	(33,032)	(7,246)
Dividend paid	(286,133)	(111,480)
Directors' fees	(4,228)	(2,400)
Acquisition of non-controlling interest	(33,818)	-
Funds invested by non-controlling interests	-	752
	-----	-----
Net cash used in financing activities	(158,059)	(205,670)
	-----	-----
Net increase / (decrease) in cash and cash equivalents	69,346	(280,055)
Cash and cash equivalents at the beginning of the period	331,452	436,004
	-----	-----
Cash and cash equivalents at the end of the period	400,798	155,949
	=====	=====
Represented by:		
Cash in hand and at bank (net of bank deposits on lien)	522,095	314,409
Bank overdraft	(121,297)	(158,460)
	-----	-----
	400,798	155,949
	=====	=====

The notes on pages 9 to 32 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 nine month period ended 30 September 2015

	-----Attributable to owners of the Company-----												
	Share capital AED '000	Share premium AED '000	Legal reserve AED '000	Translation reserve AED '000	Hyper inflation reserve AED '000	General reserve AED '000	Capital reserve AED'000	Retained earnings AED '000	Total reserves AED '000	Total parent equity AED '000	Non-controlling interests (NCI) AED '000	Total equity 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	
Total comprehensive income for the period (unaudited)													
Profit for the period	-	-	-	-	-	-	-	212,314	212,314	212,314	(5,004)	207,310	
Other comprehensive income for the period (restated)													
Foreign currency translation reserve	-	-	-	(439)	(25,215)	-	-	-	(25,654)	(25,654)	(3,194)	(28,848)	
Hyperinflation effect (refer notes 23)	-	-	-	-	206,383	-	-	-	206,383	206,383	7,771	214,154	
Total comprehensive income for the period	-	-	-	(439)	181,168	-	-	212,314	393,043	393,043	(427)	392,616	
Other equity movements (unaudited)													
Transfer to legal reserve	-	-	30,609	-	-	-	-	(30,609)	-	-	-	-	
Bonus shares issued	74,320	-	-	-	-	-	-	(74,320)	(74,320)	-	-	-	
Transactions with owners recorded directly in equity (unaudited)													
Directors' fees	-	-	-	-	-	-	-	(2,400)	(2,400)	(2,400)	-	(2,400)	
Dividend declared	-	-	-	-	-	-	-	(111,480)	(111,480)	(111,480)	(7,246)	(118,726)	
Changes in ownership interests in subsidiaries													
Funds invested by NCI	-	-	-	-	-	-	-	-	-	-	752	752	
At 30 September 2014 (unaudited)	817,522	221,667	384,464	(69,068)	(79,013)	82,805	55,044	1,339,204	1,935,103	2,752,625	159,052	2,911,677	

Ras Al Khaimah Ceramics PSC and its subsidiaries

Condensed consolidated statement of changes in equity

for the nine month period ended 30 September 2015

	-----Attributable to owners of the Company-----											
	Share capital AED '000	Share premium AED '000	Legal Reserve AED '000	Translation reserve AED '000	Hyper inflation reserve AED '000	General reserve AED '000	Capital reserve AED'000	Retained earnings AED '000	Total reserves AED '000	Total parent equity AED '000	Non-controlling interests (NCI) AED '000	Total equity AED '000
Balance at 1 January 2015 (audited)	817,522	221,667	396,260	(79,324)	(79,681)	82,805	55,044	1,394,014	1,990,785	2,808,307	226,505	3,034,812
Total comprehensive income for the period (unaudited)												
Profit for the period	-	-	-	-	-	-	-	211,570	211,570	211,570	16,876	228,446
Other comprehensive income for the period (restated)												
Foreign currency translation reserve	-	-	-	(15,742)	(18,203)	-	-	-	(33,945)	(33,945)	(3,053)	(36,998)
Hyperinflation effect (refer notes 23)	-	-	-	-	32,180	-	-	-	32,180	32,180	3,983	36,163
Total comprehensive income for the period	-	-	-	(15,742)	13,977	-	-	211,570	209,805	209,805	17,806	227,611
Other equity movements (unaudited)												
Transfer to legal reserve	-	-	48,049	-	-	-	-	(48,049)	-	-	-	-
Transactions with owners recorded directly in equity (unaudited)												
Directors' fees	-	-	-	-	-	-	-	(3,639)	(3,639)	(3,639)	(589)	(4,228)
Dividend declared	-	-	-	-	-	-	-	(286,133)	(286,133)	(286,133)	-	(286,133)
Dividend distributed to NCI	-	-	-	-	-	-	-	-	-	-	(33,032)	(33,032)
Changes in ownership interests in subsidiaries												
Decrease in NCI – net (refer note 24)	-	-	-	(2,140)	34,418	-	(140)	(28,384)	3,754	3,754	(30,118)	(26,364)
At 30 September 2015 (unaudited)	817,522	221,667	444,309	(97,206)	(31,286)	82,805	54,904	1,239,379	1,914,572	2,732,094	180,572	2,912,666

In accordance with the Ministry of Economy interpretation of Article 118 of the UAE Federal Law No. 8 of 1984 (as amended), Directors' fees have been treated as an appropriation from equity. The notes on pages 9 to 32 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 nine month period ended 30 September 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 nine month period ended 30 September 2015 ("the current period") include the financial performance and position of 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 carry out 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 nine month period ended 30 September 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 and amendments early.

- Clarification of acceptable methods of Depreciation and Amortisation (amendments to IAS 16 and IAS 38)
- 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 Cost of sales

	Nine month period ended 30 September		Three month period ended 30 September	
	2015	2014	2015	2014
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Raw materials consumed	674,914	695,857	212,826	219,141
Direct labour	204,378	207,832	72,235	72,914
Repairs and maintenance	183,213	185,102	63,011	63,279
LPG and natural gas	182,692	196,684	62,612	63,675
Power and fuel	150,328	141,122	47,689	59,627
Depreciation	124,956	105,270	42,081	41,198
Provision against inventories	27,266	12,224	14,036	1,057
Sub-contractors' fee	12,567	56,649	3,352	20,080
Others	92,466	112,939	24,656	34,342
	1,652,780	1,713,679	542,498	575,313

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

7 Administrative and general expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
Staff costs	79,478	84,622	26,378	26,205
Depreciation	15,832	17,514	5,050	3,071
Depreciation on investment properties	6,944	5,443	3,458	1,834
Telephone, postal and office supplies	6,563	5,837	1,898	1,770
Repairs and maintenance	6,919	9,333	6,419	1,221
Legal and professional fee	6,734	19,820	2,510	1,993
Rental cost	1,609	4,899	772	3,793
Utility expenses	2,037	3,975	847	1,477
Security charges	1,841	2,506	1,015	1,222
Insurance	9,339	6,632	1,939	1,971
Amortization of intangible assets	2,300	1,787	562	616
Impairment loss on trade receivables	21,761	38,735	12,357	11,084
Impairment loss / (reversal) on assets classified as held for sale	48,400	-	(4,400)	-
Others	21,261	17,023	14,486	3,792
	<u>231,018</u>	<u>218,126</u>	<u>73,291</u>	<u>60,049</u>

8 Selling and distribution expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
Freight and transport	83,479	95,898	35,065	29,293
Performance rebates	56,031	67,412	18,762	20,548
Staff costs	52,445	47,895	17,479	16,436
Advertisement and promotions	43,799	24,015	15,054	7,419
Travel and entertainment	1,320	1,005	1,089	341
Depreciation	830	664	271	235
Others	13,772	10,073	1,015	4,726
	<u>251,676</u>	<u>246,962</u>	<u>88,735</u>	<u>78,998</u>

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

9 Finance expense and income

	Nine month period ended 30 September		Three month period ended 30 September	
	2015	2014	2015	2014
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Finance expense				
Interest on bank borrowings	33,541	43,294	13,024	16,856
Net change in the fair value of derivatives (refer note 19)	3,493	1,412	368	-
Interest on amounts due to related parties	-	38	-	38
Bank charges	6,632	7,698	3,050	3,196
Net foreign exchange loss	21,185	3,081	5,420	6,277
	-----	-----	-----	-----
Total finance expenses	64,851	55,523	21,862	26,367
	=====	=====	=====	=====
Finance income				
Interest on fixed deposits	2,653	4,136	702	1,204
Interest on amounts due from related parties	2,846	6,021	884	365
Others	1,333	4,953	-	4,776
	-----	-----	-----	-----
Total finance income	6,832	15,110	1,586	6,345
	=====	=====	=====	=====
Net finance expense recognised in profit or loss	58,019	40,413	20,276	20,022
	=====	=====	=====	=====

10 Property, plant and equipment and capital work-in-progress

Additions, disposals and depreciation (unaudited)

During the nine month period ended 30 September 2015, the Group acquired property, plant and equipment and made additions to capital work-in-progress amounting to AED 205.48 million (*nine month period ended 30 September 2014: AED 238.95 million*).

Property, plant and equipment with net book value of AED 2.49 million were disposed during the current period (*nine month period ended 30 September 2014: AED 0.64 million*) resulting in a gain on disposal of AED 7.71 million (*nine month period ended 30 September 2014: AED 2.6 million*) which is included in other income in the condensed consolidated statement of profit or loss.

Depreciation charge for the current period amounted to AED 141.62 million (*nine month period ended 30 September 2014: AED 123.45 million*).

Also refer note 23 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 nine month period ended 30 September 2015 (*Unaudited*)

11 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 24.

The Group's share of profit in equity accounted investees for the nine month period ended 30 September 2015 amounted to AED 19.1 million (*nine month period ended 30 September 2014: AED 31.59 million*).

The Group has received a dividend of AED 15.57 million during the current period from equity accounted investees (*nine month period ended 30 September 2014: AED 32.4 million*).

During the nine month period ended 30 September 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.

	Laticrete RAK LLC AED'000 (Unaudited)	RAK Moshfly Bangladesh Private Limited AED'000 (Unaudited)	Total AED'000 (Unaudited)
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)
	=====	===	=====

12 Inventories

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Finished goods (net of net realisable value write down)	667,560	667,988
Less: Provision for slow moving and obsolete inventories	(66,170)	(42,535)
	-----	-----
	601,390	625,453
Raw materials	312,932	313,128
Goods-in-transit	45,187	31,341
Work-in-progress	27,665	19,330
Stores and spares	212,679	199,707
	-----	-----
	1,199,853	1,188,959
Less: Provision for slow moving raw materials and stores and spares	(53,199)	(49,568)
	-----	-----
	1,146,654	1,139,391
	=====	=====

At 30 September 2015, the Group has recognised a cumulative loss due to write-down of finished goods inventories of AED 42.35 million against the cost of AED 303.65 million (*31 December 2014: AED 30.5 million against the cost of AED 211.8 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 23.

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

13 Trade and other receivables

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Trade receivables	1,088,041	1,082,919
Less: allowance for impairment loss	(151,508)	(145,543)
	936,533	937,376
Advances and prepayments	130,603	118,357
Deposits	17,889	10,502
Other receivables	46,524	103,820
	1,131,549	1,170,055
	=====	=====

14 Cash in hand and at bank

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Cash in hand	1,566	1,628
Cash at bank		
- in fixed deposits	83,671	114,365
- in current accounts	383,395	314,643
- in margin deposits	5,923	2,540
- in call accounts	33,571	15,170
	508,126	448,346
	=====	=====

Cash in hand and cash at bank includes AED 0.3 million (*31 December 2014: AED 0.21 million*) and AED 62.98 million (*31 December 2014: AED 115.1 million*) respectively, held outside UAE.

Fixed deposits are placed with banks for an original maturity period ranging between 1-12 months and carry interest at normal commercial rates and include AED 24.01 million (*31 December 2014: AED 4.69 million*) which are held by banks under lien against bank facilities availed by the Group.

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

15 Share capital

	30 September 2015 AED'000 (Unaudited)	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	647,522	647,522
	-----	-----
	817,522	817,522
	=====	=====

- (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 3.63 million for the year ended 31 December 2014.

16 Trade and other payables

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Trade payables	486,024	439,577
Accrued and other expenses	239,510	221,908
Advances from customers	55,808	71,837
Commission and rebates payables	52,174	44,750
Other payables	35,042	28,844
	-----	-----
	868,558	806,916
	=====	=====

17 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 No. 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 than those already disclosed elsewhere in these consolidated condensed interim financial information, are as follows:

	Nine month period ended 30 September	
	2015 AED'000 (Unaudited)	2014 AED'000 (Unaudited)
Sales	312,607	217,176
Purchases	151,559	109,644
	=====	=====
<i>Compensation to key management personnel:</i>		
Salaries and benefits	12,525	12,481
End of service benefits	363	496
	-----	-----
	12,888	12,977
	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

17 Related party transactions (continued)

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Due from related parties		
Equity accounted investees	627,214	408,454
Other related parties	39,949	22,573
	-----	-----
	667,163	431,027
Less: allowance for impairment loss	(141,900)	(138,230)
	-----	-----
	525,263	292,797
	=====	=====
 Due to related parties		
	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Equity accounted investees	2,108	8,104
Others related parties	94,028	55,593
	-----	-----
	96,136	63,697
	=====	=====

(i) Settlement of certain related party receivable balances

During the period ended 30 September 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 resultant gain of AED 59.1 million (net of transaction costs) was recognised on the settlement of the above mentioned related party balances. 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.

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

18 Bank borrowings

(a) Islamic bank borrowings

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
i) Short term		
Short-term loans	253,675	183,675
Trust receipts	104,332	113,990
Current portion of long-term bank loans (refer note (ii) below)	45	108
	----- 358,052 =====	----- 297,773 =====
	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
ii) Long term bank loans		
Opening balance	126	234
Less: repayments made during the period/year	(81)	(108)
	---	----
Closing balance	45	126
Less: current portion of term loans (refer note (i) above)	(45)	(108)
	----	----
Long-term portion of term loans	-	18
	==	==

Islamic bank borrowings represent Murabaha and Mudarabah facilities obtained from Islamic Banks. The details of the long term bank loans, including terms of repayment, profit mark up and security provided are mentioned in the consolidated financial statements of the Group 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 nine month period ended 30 September 2015 (*Unaudited*)

18 Bank borrowings (continued)

(b) Other bank borrowings

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
i) Short term		
Bank overdrafts	121,297	122,286
Short-term loans	130,658	315,365
Trust receipts	-	17,744
Current portion of long-term bank loans (refer note (ii) below)	140,992	346,014
	-----	-----
	392,947	801,409
	=====	=====
	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
ii) Long term bank loans		
Opening balance	1,116,384	1,246,827
Add: availed during the period/year	1,466,230	165,329
Less: repayments made during the period/year	(1,091,307)	(295,772)
	-----	-----
Closing balance	1,491,307	1,116,384
Less: current portion of term loans (refer note (i) above)	(140,992)	(346,014)
	-----	-----
Long-term portion of term loans	1,350,315	770,370
	=====	=====

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 2015 to 2023 (*31 December 2014: 2015 to 2019*) and interest rates in the range of 1.65 % to 3.60 % (*31 December 2014: 2.25% to 3.25%*).

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

19 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
30 September 2015					
Currency swaps	-	3,493	82,558	82,558	-
	---	-----	-----	-----	---
	-	3,493	82,558	82,558	-
	==	=====	=====	=====	==
31 December 2014					
Currency swaps	29	-	3,835	3,835	-
	----	---	-----	-----	---
	29	-	3,835	3,835	-
	==	==	=====	=====	==

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.

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

19 Derivative financial instruments (continued)

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
30 September 2015			
Derivative financial liabilities - net	-	3,493	-
	---	-----	---
	-	3,493	-
	==	=====	==
31 December 2014			
Derivative financial assets - net	-	29	-
	---	---	---
	-	29	-
	==	==	==

During the current period, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Valuation techniques

Derivative financial assets

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

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 nine month period ended 30 September 2015 (*Unaudited*)

20 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 September 2015, calculated as follows:

Nine month period ended 30 September 2015 (*Unaudited*)

	2015	2014	2015	2014	2015	2014
	Continuing operations		Discontinuing operations		Total	
Net profit / (loss) attributable to owners of the Company (AED'000)	212,021	228,243	(451)	(15,929)	211,570	212,314
Weighted average number of shares outstanding ('000)	817,522	817,522	817,522	817,522	817,522	817,522
Earnings / (loss) per share (AED)	0.26	0.28	(0.00)	(0.02)	0.26	0.26

Three month period ended 30 September 2015 (*Unaudited*)

	2015	2014	2015	2014	2015	2014
	Continuing Operations		Discontinuing operations		Total	
Net profit / (loss) attributable to owners of the Company (AED'000)	70,680	78,213	3,951	(17,195)	74,631	61,018
Weighted average number of shares outstanding ('000)	817,522	817,522	817,522	817,522	817,522	817,522
Earnings / (loss) per share (AED)	0.09	0.09	0.00	(0.02)	0.09	0.07

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.

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

21 Contingent liabilities and commitments

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

22 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.

	30 September 2015 AED'000 (Unaudited)	31 December 2014 AED'000 (Audited)
Less than one year	25,503	21,916
Between two and five years	65,976	65,370
More than five years	121,667	134,411
	----- 213,146 =====	----- 221,697 =====

23 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 September 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	-

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

23 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 income statement are restated by applying the relevant quarterly average or year-end conversion factors; and
- v. The effect on the net monetary position of the Group is included in the consolidated statement of profit or loss as a monetary loss from hyperinflation.

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

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

30 September 2015
AED'000
(Unaudited)

Impact on statement of financial position

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
Impact on profit or loss during the current period	(6,829)
	9,420

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

23 Hyperinflationary accounting (continued)

b) RAK Ceramics PJSC Limited (Iran)

30 September 2015
AED'000
(Unaudited)

Impact on statement of financial position

Decrease in property plant and equipment	(6,015)
Decrease in intangible assets	(169)
Decrease in inventories	(338)

Decrease in net book value	(6,522)
	=====
<i>Allocated to:</i>	
Increase in opening equity and non controlling interest due to hyperinflation since 31 December 2014	19,914
Foreign currency translation reserve	(661)
Impact on profit or loss during the current period	(25,775)

	(6,522)
	=====

The net impact of hyperinflationary accounting in Sudan and Iran during the current period on net monetary position amounts to a loss of AED 6.53 million (*nine month period ended 30 September 2014: AED 21.08 million*). Refer note 26.

24 Acquisition and disposal of subsidiaries and non-controlling interests

Acquisition of non-controlling interests in 2015

During the current period, the Group acquired remaining non-controlling interests of 20% and 10% in RAK Ceramics PJSC Limited ("RAK Iran") and RAK Ceramics India Private Limited ("RAK India") for AED 13.88 million and AED 20.60 million respectively. The Group recognised:

	RAK Iran AED'000	RAK India AED'000
- decrease in non-controlling interests	(33,153)	(4,723)
- decrease in retained earnings	(15,144)	(13,779)
- increase in hyperinflation / translation reserve	34,418	(2,099)
	-----	-----
Total consideration	13,879	20,601
	=====	=====

The following summarises the changes in the Company's ownership interest in RAK Iran and RAK India.

	RAK Iran AED'000	RAK India AED'000
Company's ownership interest at 1 January 2015	182,044	126,441
Effect of increase in Company's ownership interest	33,153	4,723
Share of comprehensive income	(49,434)	(4,814)
	-----	-----
Company's ownership interest at 30 September 2015	165,763	126,350
	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

24 Acquisition and disposal of subsidiaries and non-controlling interests (continued)

Disposals of subsidiaries / non-controlling interests in 2015

- (i) During the current period, the Group has sold 297,394 number of shares out of total 243,910,021 issued and paid up shares of RAK Ceramics (Bangladesh) Limited. Shares were sold through the automated trading system of Dhaka Stock Exchange Limited. Accordingly the Group's shareholding has decreased from 72.41% to 72.32%, resulting an increase in non-controlling interests by AED 0.3 million.
- (ii) During the current period, the Group has disposed of its 100% holding in a subsidiaries namely "Al Hamra Aluminium and Glass Industries LLC" and "RAK Gypsum and Decoration LLC" and recognised a cumulative gain of AED 1.96 million. Also refer note 26.
- (iii) 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.
- (iv) Effective 1st 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
Assets	
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
Liabilities	
Staff terminal benefits	(659)
Trade and other payables	(42,325)

Net assets	5,058
Less: carrying value of non-controlling interests	(506)
Less: fair value of residual interest retained (refer note 11)	(2,580)
Less: sale consideration	(4,247)

Gain on disposal	(2,275)
	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

25 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 (“RAK Sudan”). During the current period, the Group signed a sale purchase agreement to sell RAK Sudan at a consideration of AED 220.44 million.

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 48.4 million has been recognised during March 2015.

	RAK Sudan AED'000	Others AED'000	Total AED'000
	-----30 September 2015-----		
Property, plant and equipment	120,032	-	120,032
Inventories	75,522	-	75,522
Trade and other receivables	49,199	20,311	69,510
Cash in hand and at bank	37,977	-	37,977
	-----	-----	-----
	282,730	20,311	303,041
Less: Impairment loss	(48,400)	-	(48,400)
	-----	-----	-----
Assets held for sale	234,330	20,311	254,641
	=====	=====	=====
Trade and other payables	11,026	1,494	12,520
	-----	-----	-----
Liabilities held for sale	11,026	1,494	12,520
	=====	=====	=====
Net assets	223,304	18,817	242,121
	=====	=====	=====

Cumulative income or expenses included in other comprehensive income

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

	30 September 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 nine month period ended 30 September 2015 (*Unaudited*)

25 Assets and liabilities of disposal group held for sale (continued)

	Ceramics Ras Al Khaima Sudanese Investment Co. Ltd. AED'000	RAK Pharmaceuticals Private Limited AED'000	Others AED'000	Total AED'000
	-----31 December 2014-----			
Property, plant and equipment	117,579	26,501	-	144,080
Intangibles	-	4,687	-	4,687
Inventories	69,883	3,411	-	73,294
Trade and other receivables	75,570	3,592	20,311	99,473
Cash in hand and at banks	10,007	75	-	10,082
	-----	-----	-----	-----
Assets held for sale	273,039	38,266	20,311	331,616
	=====	=====	=====	=====
Short term loans	-	13,680	-	13,680
Trade and other payables	9,735	5,895	1,500	17,130
	-----	-----	-----	-----
Liabilities held for sale	9,735	19,575	1,500	30,810
	=====	=====	=====	=====

Cumulative income or expenses included in other comprehensive income

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

	Ceramics Ras Al Khaima Sudanese Investment Co. Ltd. AED'000	RAK Pharmaceuticals Private Limited AED'000	Total AED'000
	-----31 December 2014-----		
Foreign currency translation reserve (debit)	(152,751)	(936)	(153,687)
Hyperinflation effect (credit)	168,535	-	168,535
Net amount in OCI which may be subsequently reclassified to profit or loss	-----	-----	-----
	15,784	(936)	14,848
	=====	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

26 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” (Pharma) as held for sale and accordingly the results from these operations were presented as discontinued operations.

In the current period, the Group has sold its investment in RAK Pharmaceuticals Private Limited which was previously classified as held for sale. In addition to this, the Group has also sold its entire investment in Al Hamra Aluminium and Glass Industries LLC and RAK Gypsum and Decoration LLC. Accordingly, the comparative condensed consolidated statement of profit or loss for the nine month period ended 30 September 2014 has been restated to show the discontinued operations separately from continuing operations.

The operations of other subsidiaries (held for sale) continue to be classified as discontinued.

	Nine month period ended				
	-----30 September 2015-----				
	Sudan	AHAG	RGD	Pharma	Total
	AED'000	AED'000	AED'000	AED'000	AED '000
Revenue	29,722	76	46	-	29,844
(Expense) / other income	(28,715)	1,428	(702)	-	(27,989)
Loss on net monetary position (refer note 23)	(2,306)	-	-	-	(2,306)
	-----	-----	----	---	-----
(Loss) / profit for the period	(1,299)	1,504	(656)	-	(451)
	=====	=====	====	=	=====

	Nine month period ended				
	-----30 September 2014-----				
	Sudan	AHAG	RGD	Pharma	Total
	AED'000	AED'000	AED'000	AED'000	AED '000
Revenue	125,383	5,645	1,505	16,642	149,175
Expense	(120,768)	(5,211)	(2,713)	(21,359)	(150,051)
Loss on net monetary position (refer note 23)	(18,263)	-	-	-	(18,263)
	-----	-----	-----	-----	-----
(Loss) /profit for the period	(13,648)	434	(1,208)	(4,717)	(19,139)
	=====	=====	=====	=====	=====

Loss from discontinued operations

	Nine month period ended	
	30 September	30 September
	2015	2014
	(Unaudited)	(Unaudited)
	AED'000	AED'000
Attributable to the owners of the Company	451	15,929
Attributable to NCI	-	3,210
	-----	-----
Total	451	19,139
	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

26 Discontinued operations (continued)

Cash flows from discontinued operations

	Nine month period ended	
	30 September	30 September
	2015	2014
	(Unaudited)	(Unaudited)
	AED'000	AED'000
Net cash generated from operating activities	34,384	1,020
	=====	=====
Net cash generated from / (used in) investing activities	86	(3,515)
	====	=====
Net cash (used) in / generated from financing activities	(6,500)	4,078
	=====	=====

Effect of disposal of subsidiaries on the condensed consolidated financial information of the Group

	Al Hamra Aluminium and Glass Industries LLC	RAK Gypsum and Decoration LLC	RAK Pharmaceuticals Private Limited
	30 September 2015	30 September 2015	30 September 2015
	AED'000	AED'000	AED'000
Assets			
Property, plant and equipment	-	-	26,538
Intangible assets	-	-	4,693
Inventories	-	-	3,416
Trade and other receivables	343	137	2,186
Other currents	1,428	747	1,828
	-----	-----	-----
	1,771	884	38,661
Liabilities			
Borrowings	-	-	(37,307)
Trade and other payables	(534)	(157)	(21,818)
	-----	-----	-----
Net liabilities	1,237	727	(20,464)
Non-controlling interests	-	-	(9,196)
	-----	-----	-----
Net liabilities attributable to parent	1,237	727	(11,268)
Consideration received	-	-	17,044
Less: loan receivable from RAK Pharma Private Limited written off	-	-	(27,751)
	-----	-----	-----
Gain on disposal	1,237	727	561
	=====	=====	=====

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

27 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 nine month period ended 30 September 2015 (*Unaudited*)

27 Segment reporting (continued)

	Ceramic products AED'000	Contracting AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
<i>Nine month period ended 30 September 2015</i>						
External revenue	1,861,883	228,295	173,420	67,309	-	2,330,907
Inter segment revenue	146,387	11,500	120,162	85,917	(363,966)	-
Total revenue	2,008,270	239,795	293,582	153,226	(363,966)	2,330,907
Segment profit / (loss) for the period	378,955	51,651	44,979	27,497	(274,636)	228,446
<i>As at 30 September 2015</i>						
Total assets	6,672,304	567,338	476,901	370,639	(1,881,985)	6,205,197
Total liabilities	3,311,176	307,780	107,781	147,815	(582,021)	3,292,531
<i>Nine month period ended 30 September 2014</i>						
External revenue	1,995,559	174,500	82,726	82,461	-	2,335,246
Inter segment revenue	150,445	33,226	123,098	83,288	(390,057)	-
Total revenue	2,146,004	207,726	205,824	165,749	(390,057)	2,335,246
Segment profit / (loss) for the period	221,574	(9,195)	26,385	13,173	(44,627)	207,310
<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	(1,278,410)	2,965,063

Reconciliation of reportable segment profit or loss

	30 September 2015 AED'000 (Unaudited)	30 September 2014 AED'000 (Unaudited)
Total profit or loss for reportable segments after tax	483,980	220,347
Elimination of inter-segment profits	(274,636)	(44,627)
Share of profit of equity accounted investees	19,102	31,590
	228,446	207,310

Ras Al Khaimah Ceramics PSC and its subsidiaries

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

28 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:

	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 period 2014 (as previously stated)	(25,654)	-
Reclassification	(25,215)	(25,215)
	-----	-----
Other comprehensive income (restated)	(439)	(25,215)
	====	==