

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Review report and consolidated interim financial information
for the six month period ended 30 June 2014**

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

Contents	Page
Report on review of consolidated interim financial information	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of income (unaudited)	3
Condensed consolidated statement of comprehensive income (unaudited)	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows (unaudited)	6
Notes to the condensed consolidated financial statements	7 - 25

REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Board of Directors
Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C.
Ras Al Khaimah
United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. (the "Company") (a Public Shareholding Company) and its Subsidiaries (together the "Group") - Ras Al Khaimah, United Arab Emirates**, as at 30 June 2014 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34: *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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 consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: *Interim Financial Reporting*.

Deloitte & Touche (M.E.)



Samir Madbak
Registration No. 386
24 July 2014

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Condensed consolidated statement of financial position
at 30 June 2014**

	Notes	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	564,348,873	539,938,382
Investments carried at fair value through other comprehensive income (FVTOCI)	5	437,719,421	456,509,670
Total non-current assets		1,002,068,294	996,448,052
Current assets			
Inventories	6	88,163,071	86,508,370
Trade and other receivables	7	108,856,566	109,704,913
Investments carried at fair value through profit or loss (FVTPL)	5	47,252,264	29,301,800
Bank balances and cash	8	51,694,366	22,573,776
Total current assets		295,966,267	248,088,859
Total assets		1,298,034,561	1,244,536,911
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	490,350,000	467,000,000
Reserves	10	183,798,958	183,798,958
Cumulative changes in fair value (FVTOCI)		141,648,258	151,493,979
Retained earnings		64,134,649	82,310,302
Total equity		879,931,865	884,603,239
Non-current liabilities			
Provision for employees' end of service indemnity		10,143,264	9,401,628
Finance lease liability	11	17,545,660	22,596,631
Bank borrowings	12	121,682,439	76,219,213
Total non-current liabilities		149,371,363	108,217,472
Current liabilities			
Finance lease liability	11	10,007,029	9,818,986
Bank borrowings	12	122,441,957	102,412,608
Trade and other payables	13	136,282,347	139,484,606
Total current liabilities		268,731,333	251,716,200
Total liabilities		418,102,696	359,933,672
Total equity and liabilities		1,298,034,561	1,244,536,911


Chairman


General Manager

The accompanying notes form an integral part of these condensed consolidated financial statements.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Condensed consolidated statement of income (unaudited)
for the six month period ended 30 June 2014**

		Three month period ended 30 June		Six month period ended 30 June	
	Notes	2014 AED	2013 AED	2014 AED	2013 AED
Revenue	14	111,925,978	111,448,602	207,825,629	223,930,737
Cost of sales		(94,892,618)	(91,566,979)	(174,912,100)	(179,240,029)
Gross profit		17,033,360	19,881,623	32,913,529	44,690,708
Selling, general and distribution expenses		(9,017,241)	(9,906,047)	(20,002,520)	(21,706,896)
Investment income	15	2,296,413	6,733,449	12,698,457	14,636,043
Other income		3,770,765	797,535	3,806,310	1,116,792
Finance cost		(1,685,359)	(560,862)	(3,229,987)	(560,862)
Profit for the period		12,397,938	16,945,698	26,185,789	38,175,785
Basic earnings per share	16	0.03	0.03	0.05	0.08

The accompanying notes form an integral part of these condensed consolidated financial statements.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Condensed consolidated statement of comprehensive income (unaudited)
for the six month period ended 30 June 2014**

	Three month period ended 30 June		Six month period ended 30 June	
	2014	2013	2014	2013
	AED	AED	AED	AED
Profit for the period	12,397,938	16,945,698	26,185,789	38,175,785
Other comprehensive (loss)/income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
(Decrease)/increase in fair value of investments carried at FVTOCI	(27,912,889)	49,202,526	(9,845,721)	84,997,350
Gain on disposal of investments carried at FVTOCI	3,075,008	-	4,038,558	-
Board of Directors' remuneration	(1,700,000)	(650,000)	(1,700,000)	(650,000)
Other comprehensive (loss)/income for the period	(26,537,881)	48,552,526	(7,507,163)	84,347,350
Total comprehensive (loss)/income for the period	(14,139,943)	65,498,224	18,678,626	122,523,135

The accompanying notes form an integral part of these condensed consolidated financial statements.

RAS AL KHAIMAH CO. FOR WHITE CEMENT & CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES
**Condensed consolidated statement of changes in equity
for the six month period ended 30 June 2014**

	Share capital AED	Reserves AED	Cumulative changes in fair value (FVTOCI) AED	Retained earnings AED	Total AED
Balance at 31 December 2012 (audited)	467,000,000	173,627,058	6,698,452	86,193,396	733,518,906
Profit for the period	-	-	-	38,175,785	38,175,785
Other comprehensive income for the period	-	-	84,997,350	(650,000)	84,347,350
Total comprehensive income for the period	-	-	84,997,350	37,525,785	122,523,135
Dividend (Note 17)	-	-	-	(46,700,000)	(46,700,000)
Balance at 30 June 2013 (unaudited)	467,000,000	173,627,058	91,695,802	77,019,181	809,342,041
Balance at 31 December 2013 (audited)	467,000,000	183,798,958	151,493,979	82,310,302	884,603,239
Profit for the period	-	-	-	26,185,789	26,185,789
Other comprehensive loss for the period	-	-	(9,845,721)	2,338,558	(7,507,163)
Total comprehensive income for the period	-	-	(9,845,721)	28,524,347	18,678,626
Dividend (Note 17)	-	-	-	(23,350,000)	(23,350,000)
Bonus shares issued during the period (see Note 9, 17)	23,350,000	-	-	(23,350,000)	-
	23,350,000	-	-	(46,700,000)	(23,350,000)
Balance at 30 June 2014 (unaudited)	490,350,000	183,798,958	141,648,258	64,134,649	879,931,865

The accompanying notes form an integral part of these condensed consolidated financial statements.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Condensed consolidated statement of cash flows (unaudited)
for the six month period ended 30 June 2014**

	Six month period ended 30 June 2014 AED	2013 AED
Cash flows from operating activities		
Profit for the period	26,185,789	38,175,785
Adjustments for:		
Depreciation of property, plant and equipment	16,975,096	14,284,574
Property, plant and equipment written off	-	25,051
Reversal of allowance for doubtful debts	(148,631)	-
Provision for employees' end of service indemnity	880,695	908,915
Unrealised gain on investments carried at FVTPL	(4,059,192)	(7,144,000)
Investment income	(8,639,265)	(7,492,043)
Finance cost	3,229,987	560,862
Operating cash flows before changes in operating assets and liabilities	34,424,479	39,319,144
Increase in inventories	(1,654,701)	(14,149,687)
Decrease/(increase) in trade and other receivables	996,978	(12,296,013)
Decrease in trade and other payables	(4,003,561)	(31,156,704)
Cash generated from/(used in) operations	29,763,195	(18,283,260)
Employees' end of service indemnity paid	(139,059)	(135,498)
Finance cost paid	(3,229,987)	(560,862)
Net cash generated from/(used in) operating activities	26,394,149	(18,979,620)
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,385,587)	(57,034,138)
Purchase of investments in securities	(22,760,681)	-
Dividend received	8,629,250	7,461,607
Proceeds on disposal of investments in securities	21,838,226	-
Interest received	24,284	30,436
Net cash used in investing activities	(33,654,508)	(49,542,095)
Cash flows from financing activities		
Board of Directors' remuneration paid	(1,700,000)	(650,000)
Repayment of finance lease liability	(4,862,928)	(4,525,796)
Repayments of term loan	(17,925,065)	(8,132,738)
Term loan obtained	61,651,103	48,141,044
Increase in bank overdraft	21,766,537	71,126,793
Dividend paid	(22,548,698)	(43,790,169)
Net cash generated from financing activities	36,380,949	62,169,134
Net increase/(decrease) in cash and cash equivalents during the period	29,120,590	(6,352,581)
Cash and cash equivalents at the beginning of the period	22,573,776	21,209,572
Cash and cash equivalents at the end of the period	51,694,366	14,856,991

The accompanying notes form an integral part of these condensed consolidated financial statements.

RAS AL KHAIMAH CO. FOR WHITE CEMENT & CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES

Notes to the condensed consolidated financial statements for the six month period ended 30 June 2014

1. General information

Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C., Ras Al Khaimah (the "Company") is incorporated as a public shareholding company by Emiri decree number 13/18 dated 2 October 1981 issued by His Highness, The Ruler of Ras Al Khaimah. The address of the Company's registered office is P. O. Box 1492, Ras Al Khaimah, United Arab Emirates.

The "Group" comprises Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its Subsidiaries (Note 3.4).

The principal activities of the Group is manufacturing and supply of white cement, lime products and cement products and investing, establishing and managing similar activities.

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

2.1 New and revised IFRSs applied with no material effect on the condensed consolidated financial statements

The following new and revised IFRSs have been adopted in these condensed consolidated financial statements. The application of these revised and new IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> Amendments to IAS 32 Financial Instruments: Presentation relating to application guidance on the offsetting of financial assets and financial liabilities. 	1 January 2014
<ul style="list-style-type: none"> Amendments to IAS 36 – recoverable amount disclosures: The amendments restrict the requirements to disclose the recoverable amount of an asset or CGU to the period in which an impairment loss has been recognised or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. 	1 January 2014
<ul style="list-style-type: none"> Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting The amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met. 	1 January 2014

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

**2.1 New and revised IFRSs applied with no material effect on the condensed consolidated
financial statements (continued)**

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • IFRIC 21 – Levies: Interpretation was developed to address the concerns about how to account for levies that are based on financial data of a period that is different from that in which the activity that give rise to the payment of the levy occurs. 	1 January 2014
<ul style="list-style-type: none"> • Amendments to IFRS 10, IFRS 12 and IAS 27 – Guidance on Investment Entities. On 31 October 2012, the IASB published a standard on investment entities, which amends IFRS 10, IFRS 12, and IAS 27 and introduces the concept of an investment entity in IFRSs. 	1 January 2014

**2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet
effective and not early adopted**

The Group has not early applied the following new standards, amendments and interpretations that have been issued but not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> • Amendments to IAS 19 <i>Employee Benefits</i> - to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. 	1 July 2014
<ul style="list-style-type: none"> • Annual Improvements to IFRSs 2010 - 2012 Cycle <ul style="list-style-type: none"> ▪ IFRS 2 Share Based Payments - definition of 'vesting condition'. ▪ IFRS 3 Business Combinations - accounting for contingent consideration. ▪ IFRS 8 Operating Segments - aggregation of segments, reconciliation of segment assets. ▪ IAS 16 Property, Plant and Equipment - proportionate restatement of accumulated depreciation on revaluation. ▪ IAS 24 Related Party Disclosures - management entities. ▪ IAS 38 Intangible Assets - proportionate restatement of accumulated depreciation on revaluation. 	1 July 2014

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

**2. Application of new and revised International Financial Reporting Standards (“IFRSs”)
(continued)**

**2.2 New and revised International Financial Reporting Standards (IFRSs) in issue but not yet
effective and not early adopted (continued)**

New and revised IFRSs	Effective for annual periods beginning on or after
<ul style="list-style-type: none"> Annual Improvements to IFRSs 2011 - 2013 Cycle <ul style="list-style-type: none"> IFRS 1 First Time Adoption of International Financial Reporting Standards - meaning of effective IFRSs. IFRS 3 Business Combinations - scope exception for joint ventures. IFRS 13 Fair Value Measurement - scope of the portfolio exception. IAS 40 Investment Property - interrelationship between IFRS 3 and IAS 40. 	1 July 2014
Amendments to IAS 16 and IAS 38 to clarify the acceptable methods of depreciation and amortization.	1 January 2016
Amendments to IFRS 11 to clarify accounting for acquisitions of Interests in Joint Operations.	1 January 2016
<p><i>IFRS 15 Revenue from Contracts with Customers:</i></p> <p>IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.</p>	1 January 2017
Amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16.	1 January 2016

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group’s consolidated financial statements for the period beginning 1 January 2015 or as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

3. Summary of significant accounting policies

3.1 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard No. 34, "*Interim Financial Reporting*" issued by the International Accounting Standard Board and also comply with the applicable requirements of the laws in the U.A.E.

These condensed consolidated financial statements are presented in U.A.E. Dirhams (AED) since that is the currency in which the majority of the Group's transactions are denominated.

These condensed consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies, presentation and methods adopted in these condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2013.

These condensed consolidated financial statements do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2013. In addition, results for the six month period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

As required by the Securities and Commodities Authority ("SCA") notification dated 12 October 2008, accounting policies relating to investments in securities and property, plant and equipment have been disclosed in the condensed consolidated financial statements.

3.2 Property, plant and equipment

Land is carried at cost.

Properties in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property, plant and equipment, are stated at their cost, less accumulated depreciation and any identified impairment losses.

Depreciation is charged so as to write off the cost of assets, other than properties under construction and land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

3. Summary of significant accounting policies (continued)

3.2 Property, plant and equipment (continued)

The following useful lives are used in the calculation of depreciation:

	<u>Years</u>
Buildings	5-20
Plant and machinery	5-25
Tools and equipment	10-15
Vehicles	10-30
Furniture and fixtures	25

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate the carrying value may not be recoverable. If any such indication of impairment exists, impairment losses are calculated.

3.3 Investments in securities

3.3.1 Financial assets at FVTOCI

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

A financial asset is held for trading if:

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

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

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

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

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

3. Summary of significant accounting policies (continued)

3.3 Investments in securities (continued)

3.3.2 Financial assets at FVTPL

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 Revenue.

3.4 Basis of consolidation

The condensed consolidated financial statements of Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C. and its Subsidiaries (the "Group") incorporate the financial information of the Company and entities controlled by the Company (its Subsidiaries).

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries:

Details of the Company's subsidiaries at 30 June 2014 are as follows:

<u>Name of subsidiary</u>	<u>Proportion of ownership interest</u>	<u>Country of incorporation</u>	<u>Principal activities</u>
Modern Block Factory	100%	U.A.E.	Manufacturing of concrete blocks, interlock tiles and cement products.
Ras Al Khaimah Lime Co. Noora	100%	U.A.E.	Manufacturing of lime products.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

4. Property, plant and equipment

During the period, additions to property, plant and equipment amounted to AED 41,385,587 (six month period ended 30 June 2013: AED 57,034,138) and depreciation for the six month period ended 30 June 2014 amounted to AED 16,975,096 (six month period ended 30 June 2013: AED 14,284,574).

All property, plant and equipment is located in U.A.E.

Property, plant and equipment having a carrying amount of AED 324.34 million (31 December 2013: AED 257.32 million) is mortgaged to a bank and a leasing company against credit facilities provided to the Group (Note 12).

5. Investments in securities

(i) Investments carried at fair value through other comprehensive income (FVTOCI)

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Quoted – at fair value	422,139,808	441,010,604
Unquoted – at fair value	15,579,613	15,499,066
	<hr/> 437,719,421 <hr/>	<hr/> 456,509,670 <hr/>
Allocated as follows:		
In U.A.E.	327,021,218	339,645,662
In other GCC countries	99,538,278	105,704,083
In other countries	11,159,925	11,159,925
	<hr/> 437,719,421 <hr/>	<hr/> 456,509,670 <hr/>

(ii) Investments carried at fair value through profit or loss (FVTPL)

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Quoted – in U.A.E.	47,252,264	29,301,800
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**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

5. Investments in securities (continued)

Movements in investments were as follows:

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Fair value at the beginning of the period/year	485,811,470	323,928,962
Purchased during the period/year	22,760,681	21,490,117
Disposal during the period/year	(17,813,937)	(19,420,942)
(Decrease)/increase in fair value of investments at FVTOCI	(9,845,721)	146,167,533
Unrealised gain on investments carried at FVTPL	4,059,192	13,645,800
	484,971,685	485,811,470

Investment in securities amounting to AED 327,021,217 (2013: AED 339,645,661) are lodged to the bank against credit facilities granted to the Group (Note 12).

Investments in securities amounting to AED 2,473,941 (2013: AED 3,124,979) are registered in the name of related parties in trust and for the benefit of the Group.

6. Inventories

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Finished goods	2,124,390	9,985,582
Raw materials	16,934,186	9,969,760
Work in progress	42,590,107	39,095,851
Bags, fuel and lubricants	5,054,688	6,582,933
	66,703,371	65,634,126
Spare parts and others	26,133,295	27,307,710
Allowance for slow moving inventories	(6,889,633)	(6,889,633)
	19,243,662	20,418,077
Goods in transit	2,216,038	456,167
	88,163,071	86,508,370

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

7. Trade and other receivables

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Trade receivables	108,377,552	109,030,493
Allowance for doubtful debts	(3,604,262)	(3,752,893)
	<hr/>	<hr/>
	104,773,290	105,277,600
Advance to suppliers	167,601	1,112,749
Prepaid expenses and other receivables	3,915,675	3,314,564
	<hr/>	<hr/>
	108,856,566	109,704,913
	<hr/>	<hr/>

Analysis of trade receivables as set out below:

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Secured against unconditional bank guarantees	28,128,971	41,016,399
Secured against letter of credit	13,793,377	17,125,963
Open credit	66,455,204	50,888,131
	<hr/>	<hr/>
	108,377,552	109,030,493
	<hr/>	<hr/>

Trade receivables include amounts of AED 76,762 (2013: AED 173,987) receivable from related parties.

Advances to suppliers include amounts of AED Nil (2013: AED 262,136) paid to related parties.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

8. Bank balances and cash

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Cash on hand	748,774	152,654
Portfolio account	705,271	698,635
	1,454,045	851,289
Bank balances:		
Current accounts	6,744,617	4,781,485
Call deposits	43,495,704	16,941,002
	50,240,321	21,722,487
Total bank balances and cash	51,694,366	22,573,776
In U.A.E.	46,653,497	21,559,387
In other GCC countries	5,040,869	1,014,389
	51,694,366	22,573,776

9. Share capital

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Issued and fully paid:		
490,350,000 ordinary shares of AED 1 each		
(31 December 2013: 467,000,000 ordinary shares of AED 1 each)	490,350,000	467,000,000

During the period, the share capital of the Company was increased by AED 23.4 million by the issue of bonus shares of AED 1 each. These issues of bonus shares were approved by the Shareholders at the Annual General Meeting held on 19 April 2014.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

10. Reserves

According to the Company's Articles of Association and the requirements of the U.A.E. Federal Commercial Companies Law No 8 of 1984, as amended, 10% of the net profit is transferred to the statutory reserve and another 10% to the voluntary reserve. The transfer to statutory reserve may be suspended when it reaches 50% of the paid-up share capital. The statutory reserve is not available for distribution except as stipulated by the Law. The transfer to voluntary reserve may be suspended by the ordinary general assembly at the recommendation of the Board of Directors or when it reaches 20% of the Company's paid-up share capital. Voluntary reserve will be utilised for the purposes determined by the General Assembly at an ordinary general meeting upon the recommendation by the Board of Directors.

	Statutory reserve AED	Voluntary reserve AED	Total AED
Balance at 31 December 2012 (audited)	91,120,071	82,506,987	173,627,058
Movement during the period	-	-	-
Balance at 30 June 2013 (unaudited)	91,120,071	82,506,987	173,627,058
Balance at 31 December 2013 (audited)	96,206,021	87,592,937	183,798,958
Movement during the period	-	-	-
Balance at 30 June 2014 (unaudited)	96,206,021	87,592,937	183,798,958

No transfer to the statutory reserve and voluntary reserve have been made during the six month period ended 30 June 2014 (six month period ended 30 June 2013: Nil), as this will be based on the audited results for the year.

11. Finance lease liability

The Group entered into a sale and lease back arrangement with a leasing company registered in the United Arab Emirates to finance a clinker production plant. The finance charges are based on 3 months LIBOR plus margin of 3.5% per annum. The term of the lease is 5 years with first repayment due on 1 March 2012.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

12. Bank borrowings

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Bank overdraft	90,058,203	68,291,666
Loans	154,066,193	110,340,155
	244,124,396	178,631,821
Bank borrowings are repayable as follows:		
Within one year	122,441,957	102,412,608
From second to fifth year	121,682,439	76,219,213
	244,124,396	178,631,821
Less: Amount due for settlement within 12 months from the reporting date (shown under current liabilities)	(122,441,957)	(102,412,608)
Amount due for settlement after 12 months from the reporting date (shown under non-current liabilities)	121,682,439	76,219,213

Bank borrowings are secured by mortgage of property, plant and equipment and lodgement of investment securities.

The finance charges are based on EBOR/IBOR plus margin.

13. Trade and other payables

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Trade payables	36,793,832	62,727,234
Dividend payable	39,266,234	38,464,932
Advances from customers	-	1,254,664
Payable against purchase of land	-	4,277,752
Accrued expenses and other payables	60,222,281	32,760,024
	136,282,347	139,484,606

Trade payables includes amounts of AED 132,420 (2013: AED 288,002) payable to related parties.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

14. Revenue

An analysis of the Group's revenue is as follows:

	Three month period ended 30 June		Six month period ended 30 June	
	2014	2013	2014	2013
	AED	AED	AED	AED
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Local sales	41,822,895	31,153,794	75,889,889	64,920,696
Export sales	70,103,083	80,294,808	131,935,740	159,010,041
	111,925,978	111,448,602	207,825,629	223,930,737

15. Investment income

	Three month period ended 30 June		Six month period ended 30 June	
	2014	2013	2014	2013
	AED	AED	AED	AED
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Unrealised (loss)/ gain on revaluation of investments carried at FVTPL	(4,980,336)	2,242,000	4,059,192	7,144,000
Loss on disposal of investments carried at FVTPL	(54,236)	-	(14,269)	-
Dividend income	7,314,730	4,469,388	8,629,250	7,461,607
Interest income	16,255	22,061	24,284	30,436
	2,296,413	6,733,449	12,698,457	14,636,043

16. Basic earnings per share

	Three month period ended 30 June		Six month period ended 30 June	
	2014	2013	2014	2013
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit for the period (in AED)	12,397,938	16,945,698	26,185,789	38,175,785
Number of shares	490,350,000	490,350,000	490,350,000	490,350,000
Basic earnings per share (in AED)	0.03	0.03	0.05	0.08

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

16. Basic earnings per share (continued)

The denominator for the purpose of calculating basic earnings per share for 2013 has been adjusted to reflect the issuance of 23.4 million bonus shares (see Note 9, 17).

There were no potentially dilutive shares as at 30 June 2014 and 30 June 2013.

17. Dividend

At the annual general meeting held on 19 April 2014, the Shareholders approved the cash dividend of 5% amounting to AED 23.4 million and share dividend of 5% amounting to AED 23.4 million in respect of the year ended 31 December 2013 (2013: cash dividend amounting to AED 46.7 million in respect of the year ended 31 December 2012). The Shareholders also approved the Board of Directors remuneration of AED 1,700,000 (2013: AED 650,000).

18. Related party transactions

During the period, the Group entered into the following transactions with related parties:

	Three month period ended 30 June		Six month period ended 30 June	
	2014	2013	2014	2013
	AED	AED	AED	AED
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Purchases	172,584	2,615,588	9,738,427	8,863,122
Sales	9,465	271,658	43,833	433,594

**Compensation of key management
personnel:**

Board of Directors' remuneration	1,700,000	650,000	1,700,000	650,000
Short term benefits	795,700	127,000	966,200	290,500

Transactions with related parties were carried out at terms agreed by the management.

19. Commitments and contingent liabilities

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Letters of credit	45,960,360	850,076
Commitments for the acquisition of property, plant and equipment	98,130,719	184,000,000

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

20. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2013.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined;

Financial assets	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	30 June 2014 (unaudited) AED	31 December 2013 (audited) AED				
Investments carried at FVTOCI						
Quoted equity securities	422,139,808	441,010,604	Level 1	Quoted bid prices in an active market.	None	N/A
Unquoted equity securities	15,579,613	15,499,066	Level 3	Net assets valuation method.	Net assets value	Higher the net assets value of the investees, higher the fair value.
Financial assets at FVTPL						
Quoted equity securities	47,252,264	29,301,800	Level 1	Quoted bid prices in an active market.	None	N/A

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

20. Fair value measurements (continued)

Fair value measurements recognised in the condensed consolidated statement of financial position

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2014 (unaudited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTOCI				
Quoted equities	422,139,808	-	-	422,139,808
Unquoted equities	-	-	15,579,613	15,579,613
Financial assets at FVTPL				
Quoted equities	47,252,264	-	-	47,252,264
	<hr/>	<hr/>	<hr/>	<hr/>
	469,392,072	-	15,579,613	484,971,685
	<hr/>	<hr/>	<hr/>	<hr/>

31 December 2013 (audited)

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets at FVTOCI				
Quoted equities	441,010,604	-	-	441,010,604
Unquoted equities	-	-	15,499,066	15,499,066
Financial assets at FVTPL				
Quoted equities	29,301,800	-	-	29,301,800
	<hr/>	<hr/>	<hr/>	<hr/>
	470,312,404	-	15,499,066	485,811,470
	<hr/>	<hr/>	<hr/>	<hr/>

There were no transfers between the levels during the period. There are no financial liabilities which should be measured at fair value and accordingly no disclosure is made in the above table.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

20. Fair value measurements (continued)

Reconciliation of movements in level 3 financial assets measured at fair values:

	30 June 2014 AED (unaudited)	31 December 2013 AED (audited)
Balance at the beginning of the period/year	15,499,066	21,926,655
Change in fair value	80,547	(6,427,589)
Balance at the end of the period/year	15,579,613	15,499,066

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

21. Segment information

The Group is organised into two main business segments:

Manufacturing of white cement, lime products, cement products and investments incorporating investments in marketable equity securities, deposits with banks.

	<u>Six month period ended 30 June 2014</u>			<u>Six month period ended 30 June 2013</u>		
	<u>Manufacturing</u> <u>AED</u> <u>(unaudited)</u>	<u>Investments</u> <u>AED</u> <u>(unaudited)</u>	<u>Total</u> <u>AED</u> <u>(unaudited)</u>	<u>Manufacturing</u> <u>AED</u> <u>(unaudited)</u>	<u>Investments</u> <u>AED</u> <u>(unaudited)</u>	<u>Total</u> <u>AED</u> <u>(unaudited)</u>
Segment revenue	207,825,629	-	207,825,629	223,930,737	-	223,930,737
Segment result	13,487,332	12,698,457	26,185,789	23,539,742	14,636,043	38,175,785
	<u>30 June 2014</u>			<u>31 December 2013</u>		
	<u>Manufacturing</u> <u>AED</u> <u>(unaudited)</u>	<u>Investments</u> <u>AED</u> <u>(unaudited)</u>	<u>Total</u> <u>AED</u> <u>(unaudited)</u>	<u>Manufacturing</u> <u>AED</u> <u>(audited)</u>	<u>Investments</u> <u>AED</u> <u>(audited)</u>	<u>Total</u> <u>AED</u> <u>(audited)</u>
Segment assets	761,368,510	529,172,660	1,290,541,170	736,151,665	503,451,107	1,239,602,772
Unallocated assets			7,493,391			4,934,139
Total assets			1,298,034,561			1,244,536,911
Segment liabilities	418,102,696	-	418,102,696	359,933,672	-	359,933,672

There are no transactions between the business segments.

**RAS AL KHAIMAH CO. FOR WHITE CEMENT &
CONSTRUCTION MATERIALS P.S.C. AND SUBSIDIARIES**

**Notes to the condensed consolidated financial statements
for the six month period ended 30 June 2014 (continued)**

22. Seasonality of results

Investment revenues includes dividend income of AED 8,629,250 for the six month period ended 30 June 2014 (six month period ended 30 June 2013: AED 7,461,607), which is of a seasonal nature.

23. Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved by the Chairman of the Board of Directors and authorised for issue on 24 July 2014.