



Condensed Consolidated  
Interim Financial Information

*30 September 2019*

# **RAK Ceramics PJSC and its Subsidiaries**

Condensed consolidated interim financial information  
*30 September 2019*

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## Report of the Board of Directors

On financial performance during the nine month period ended 30 September 2019

05 November 2019

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### Dear Members,

It is our pleasure to present the business and operations report for the nine month period, ended 30<sup>th</sup> September 2019, along with the condensed consolidated interim financial information for the same period.

The present conditions in the ceramic markets around the world continues to be challenging and the competition is intense due to the increasing pricing pressure from the excess capacity available in the markets.

Taking into consideration the above challenges, we focused on maintaining brand image, differentiating our product portfolio, optimizing the production lines, improving efficiencies and margins, leveraging automation and process enhancements, entering new markets, reducing costs and managing the working capital.

The revenue for the period amounted to AED 1.92 billion, lower by 6.2% compared to AED 2.05 billion for the same period of last year. On constant currency basis, total revenue decreased by 2.8% year on year. Sanitary-ware revenue increased by 4.4% year on year driven by sales in Saudi Arabia and Europe. Tableware revenue increased by 1.3% year on year driven by growth in US and GCC markets.

Total gross profit margin increased by 110 bps year on year to 34.3%, driven by an increase in tiles gross profit margins by 200 bps to 30.4%. Reported net profit decreased by 7.2% year on year to AED 155.8 million, with a margin of 8.1%. EBITDA increased by 6.9% year on year to AED 348.5 million.

### Performance in line with expectations

Even though reported net profit decreased by 7.2% year on year to AED 155.8 million, EBITDA increased by 6.9% year on year to AED 348.5 million. Total and gross profit margins increased as RAK Ceramics continues to focus on optimising production and increasing operational efficiencies by leveraging automation.

### Saudi Arabia expansion update

RAK Ceramics has completed the rationalisation of its work force and warehouses in Saudi Arabia, and the company is starting to see the benefits. The Company is still in the process of studying and finalizing the plans for the development of a new tiles manufacturing facility.

### India turnaround on track

RAK Ceramics is strengthening its position in India by opening orientation centers and dealer outlets. The company's two production facilities in Morbi, Gujarat are currently operating at 65% and 100% production capacity respectively. RAK Ceramics' business in India is growing – exports have contributed 14.2% of total India revenue in 9 months of 2019 compared to 4.2% during the same period in 2018.

## **Financial highlights for the nine month period ended 30 September 2019**

<b>Particulars</b>	<b>Unit</b>	<b>YTD September 2019</b>	<b>YTD September 2018</b>	<b>Change</b>
Total Revenue	AED Mio	1,923.7	2,050.6	-6.2%
Gross Profit	AED Mio	659.8	681.1	-3.1%
GP Margin	%	34.3%	33.2%	110 bps
EBITDA	AED Mio	348.5	325.8	6.9%
EBITDA Margin	%	18.1%	15.9%	220 bps
Reported Net Income	AED Mio	155.8	167.9	-7.2%
Reported Net Income margin	%	8.1%	8.2%	-10 bps
Net income before one-off, provisions & strategic gains	AED Mio	139.5	160.2	-12.9%
Net income margin before one-off, provisions & strategic gains	%	7.3%	7.8%	-50 bps
Reported Profit after NCI (Minority)	AED Mio	129.3	139.3	-7.2%
Reported Earnings per share	AED	0.14	0.15	
		<b>30 September 2019</b>	<b>31 December 2018</b>	<b>Change</b>
Total Assets	AED Mio	5,486.7	5,497.0	-0.2%
Share Capital	AED Mio	946.4	901.3	5%
Shareholders' Equity	AED Mio	2,391.2	2,501.4	-4.4%
Net Debt	AED Mio	1,467.0	1,428.9	2.7%
Net Debt / EBITDA	Times	3.16	3.23	
Cost of Debt	%	4.30%	3.98%	32 bps

## **Corporate Social Responsibility, Exhibitions, Awards & Other Activities during the quarter**

### **Exhibitions & participations**

- In Cersaie 2019 exhibition at Bologna, Italy, we participated in the “Design Goloso Tour”, an event that involved Italian and journalists as well as bloggers and influencers from over the world, specializing in furniture and interior design.
- The 3rd Arab Ministerial Forum on Housing and Urban Development in Al Habtoor Dubai. With the growing challenges in different sectors of the society in the Arab world, the forum focused on finding innovative sustainable solutions in urban development.

### **Corporate Social Responsibility**

- The Ambassadors of Lebanon, Ethiopia, Mauritania to UAE and other delegates visited RAK Ceramics' Head Quarters, factories & showroom
- Platinum Sponsor of this year's IAP Awards organized by the Institute of Architects, Pakistan
- Total Quality Management & Lean Manufacturing training programmes were imparted to the Quality, EHS, Supply Chain and Manufacturing teams

### **Future Outlook**

Despite the challenges, we are investing in sales and marketing while maintaining our brand image and differentiated product portfolio. We are focused on optimising production and increasing operational efficiencies by leveraging automation and process enhancements thereby improving margins. Looking ahead, we will focus on sustaining our revenue in India, Bangladesh and the UAE and improving revenue in our Tableware and Faucets & Taps business.

### **Financial Reporting**

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

Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments. There are no matters which call into question the Group'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

05 NOV 2019



Group Chief Executive Officer

**R.A.K Ceramics PJSC and its subsidiaries**  
Condensed consolidated interim financial information  
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**R.A.K Ceramics PJSC and its subsidiaries**  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors  
R.A.K Ceramics PJSC  
Ras Al Khaimah  
United Arab Emirates**

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **R. A. K Ceramics PJSC (the "Company") and its subsidiaries (together the "Group")**, Ras Al Khaimah, United Arab Emirates, as at 30 September 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the nine month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting as issued by International Accounting Standards Board (IASB). 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 International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34: Interim Financial Reporting as issued by IASB.

### *Other Matter*

The condensed consolidated interim financial information of the Group for the nine month ended 30 September 2018 and the annual consolidated financial statements for the year ended 31 December 2018 were reviewed and audited by another auditor, whose review report dated 1 November 2018 and audit report dated 12 February 2019 expressed an unmodified conclusion and opinion, respectively.

Deloitte & Touche (M.E.)



Signed by:  
Mohammad Khamees Al Tah  
Registration No. 717  
5 November 2019  
Sharjah, United Arab Emirates



# R.A.K Ceramics PJSC and its subsidiaries

Condensed consolidated statement of profit or loss (unaudited)  
for the nine month and three month periods ended 30 September 2019

	Notes	Nine month period ended 30 September		Three month period ended 30 September	
		2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
Revenue	5	1,923,730	2,050,554	636,016	669,529
Cost of sales	6	(1,263,928)	(1,369,457)	(416,554)	(446,301)
<b>Gross profit</b>		<b>659,802</b>	<b>681,097</b>	<b>219,462</b>	<b>223,228</b>
Administrative and general expenses	7	(162,213)	(172,737)	(53,073)	(58,602)
Impairment reversal/(loss) on trade receivables and due from related parties	7(i)	16,276	(11,250)	(3,559)	(4,549)
Selling and distribution expenses	8	(333,756)	(338,487)	(109,331)	(110,861)
Other income	9	36,860	73,076	13,325	15,431
<b>Operating profit</b>		<b>216,969</b>	<b>231,699</b>	<b>66,824</b>	<b>64,647</b>
Finance costs	10(i)	(68,051)	(70,509)	(24,631)	(19,953)
Finance income	10(ii)	4,227	8,558	1,735	1,210
Share of profit in equity accounted investees	11	9,305	7,649	2,848	2,690
<b>Profit before tax</b>		<b>162,450</b>	<b>177,397</b>	<b>46,776</b>	<b>48,594</b>
Tax expense		(6,625)	(9,499)	(1,218)	(1,208)
<b>Profit for the period</b>		<b>155,825</b>	<b>167,898</b>	<b>45,558</b>	<b>47,386</b>
<i>Profit attributable to:</i>					
Owners of the Company		129,290	139,264	39,119	38,418
Non-controlling interests		26,535	28,634	6,439	8,968
<b>Profit for the period</b>		<b>155,825</b>	<b>167,898</b>	<b>45,558</b>	<b>47,386</b>
<b>Earnings per share</b>					
- basic and diluted (AED)	12	0.14	0.15	0.04	0.04

The accompanying notes form an integral part of this condensed consolidated interim financial information

# R.A.K Ceramics PJSC and its subsidiaries

Condensed consolidated statement of comprehensive income (unaudited)  
for the nine month and three month periods ended 30 September 2019

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 AED'000	2018 AED'000	2019 AED'000	2018 AED'000
<b>Profit for the period</b>	<b>155,825</b>	167,898	<b>45,558</b>	47,386
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign exchange differences on translation of foreign operations	<b>(76,751)</b>	(35,359)	<b>(836)</b>	(9,215)
Cash flow hedges – effective portion of changes in fair value (loss)/gain on hedging instruments	<b>(19,822)</b>	1,657	<b>(4,485)</b>	(575)
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	<b>59,252</b>	134,196	<b>40,237</b>	37,596
	=====	=====	=====	=====
<i>Total comprehensive income attributable to:</i>				
Owners of the Company	<b>34,905</b>	108,394	<b>34,498</b>	29,434
Non-controlling interests	<b>24,347</b>	25,802	<b>5,739</b>	8,162
	-----	-----	-----	-----
<b>Total comprehensive income for the period</b>	<b>59,252</b>	134,196	<b>40,237</b>	37,596
	=====	=====	=====	=====

The accompanying notes form an integral part of this condensed consolidated interim financial information

R.A.K Ceramics PJSC and its subsidiaries  
Condensed consolidated statement of financial position  
as at 30 September 2019

	Notes	30 September 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,170,320	1,181,301
Goodwill	14	119,940	120,144
Right-of-use assets	2.1	83,776	-
Intangible assets		26,991	27,243
Investment properties	15	1,173,352	1,181,191
Investments in equity accounted investees	11	43,297	42,606
Long term receivables	16(i)	28,374	33,352
Deferred tax assets		15,933	7,613
<b>Total non-current assets</b>		<b>2,661,983</b>	<b>2,593,450</b>
<b>Current assets</b>			
Inventories	17	1,251,265	1,249,505
Trade and other receivables	16	1,215,335	1,211,051
Due from related parties	18	45,193	112,630
Derivative financial assets	19(i)	557	6,295
Bank balances and cash	20	312,355	324,109
<b>Total current assets</b>		<b>2,824,705</b>	<b>2,903,590</b>
<b>Total assets</b>		<b>5,486,688</b>	<b>5,497,040</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	21	946,384	901,318
Reserves		1,444,832	1,600,094
<b>Equity attributable to owners of the Company</b>		<b>2,391,216</b>	<b>2,501,412</b>
Non-controlling interests		224,826	212,697
<b>Total equity</b>		<b>2,616,042</b>	<b>2,714,109</b>
<b>Non-current liabilities</b>			
Islamic bank financing	22(a)(ii)	555,157	354,615
Interest bearing bank financing	22(b)(ii)	531,439	711,387
Provision for employees' end of service benefits		85,134	85,464
Lease liabilities	2.1	72,804	-
Deferred tax liabilities		8,305	8,829
<b>Total non-current liabilities</b>		<b>1,252,839</b>	<b>1,160,295</b>
<b>Current Liabilities</b>			
Islamic bank financing	22(a)(i)	238,613	325,020
Interest bearing bank financing	22(b)(i)	454,101	361,980
Trade and other payables	23	673,356	720,925
Due to related parties	18	42,953	49,514
Derivative financial liabilities	19(ii)	21,107	4,127
Lease liabilities	2.1	20,257	-
Provision for taxation		167,420	161,070
<b>Total current liabilities</b>		<b>1,617,807</b>	<b>1,622,636</b>
<b>Total liabilities</b>		<b>2,870,646</b>	<b>2,782,931</b>
<b>Total equity and liabilities</b>		<b>5,486,688</b>	<b>5,497,040</b>

Chairman

The accompanying notes form an integral part of this condensed consolidated interim financial information

05 NOV 2019

Chief Executive Officer

# R.A.K Ceramics PJSC and its subsidiaries

## Condensed consolidated statement of cash flows (unaudited)

for the nine month period ended 30 September 2019

	Nine month period ended 30 September	
	2019 AED'000	2018 AED'000
<b>Operating activities</b>		
Profit for the period before tax	162,450	177,397
<i>Adjustments for:</i>		
Share of profit in equity accounted investees	(9,305)	(7,649)
Interest expense	38,107	36,938
Profit expense on Islamic financing	18,395	18,003
Interest income	(4,055)	(4,055)
Profit on wakala deposits	(172)	(336)
Interest expense on lease liabilities	4,349	-
Gain on disposal of property, plant and equipment	(1,581)	(22,443)
Gain on disposal of investment properties	-	(154)
Depreciation on property, plant and equipment	101,101	104,623
Depreciation on investment properties	7,863	7,778
Amortisation of intangible assets	4,688	4,664
Depreciation of right-of-use assets	16,166	-
Capital work in progress written off	1,146	1,146
Provision for employees' end-of-service benefits	13,834	13,058
Allowance for slow moving and obsolete inventories	14,572	5,829
(Reversal)/allowance for impairment loss on trade receivables and due from related parties	(16,276)	11,250
	-----	-----
	<b>351,282</b>	<b>346,049</b>
Change in:		
- inventories	(16,332)	(81,001)
- trade and other receivables (including long term portion)	(658)	(1,402)
- due from related parties (including long term portion)	90,587	31,204
- assets classified as held for sale	-	2,975
- trade and other payables	(47,569)	56,535
- due to related parties	(6,561)	6,792
- derivative financial instruments	2,896	(4,167)
Income tax paid	(14,641)	(14,527)
Employees' end-of-service benefits paid	(12,858)	(10,944)
Currency translation adjustment	(27,603)	1,993
	-----	-----
<b>Net cash generated from operating activities</b>	<b>318,543</b>	<b>333,507</b>
	-----	-----
<b>Investing activities</b>		
Additions to property, plant and equipment	(138,443)	(147,550)
Proceeds from disposal of property, plant and equipment	1,767	32,123
Additions to intangible assets	(3,378)	(4,555)
Additions to investment property	(271)	(198)
Proceeds from disposal of investment property	-	1,501
Dividend received from equity accounted investees	8,448	7,453
Change in bank deposits with maturity more than three months	(138,266)	-
Profit received on wakala deposits	172	336
Interest received	4,055	4,055
Acquisition of additional shares in a subsidiary	-	(9,800)
Consideration paid for acquisition of a subsidiary	-	(5,882)
Cash acquired as part of acquisition of subsidiaries	-	1,145
	-----	-----
<b>Net cash used in investing activities</b>	<b>(265,916)</b>	<b>(121,372)</b>
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# R.A.K Ceramics PJSC and its subsidiaries

## Condensed consolidated statement of cash flows (unaudited) (continued)

for the nine month period ended 30 September 2019

	<b>Nine month period ended 30 September</b>	
	<b>2019</b>	2018
	<b>AED'000</b>	AED'000
<b>Financing activities</b>		
Bank financing availed	7,306	85,502
Bank financing repaid	(178,579)	(192,216)
Islamic bank financing availed	383,204	-
Islamic bank financing repaid	(171,541)	(83,869)
Repayment of principal and interest on lease liability	(22,577)	-
Net movement in short term bank financing	24,108	(3,773)
Net movement in short term Islamic bank financing	(97,528)	(13,688)
Interest paid	(38,107)	(36,938)
Profit paid on Islamic bank financing	(18,395)	(18,003)
Dividend paid	(135,198)	(214,600)
Dividend paid to non-controlling interests	(12,097)	(26,858)
Remuneration paid to the Board of Directors	(3,700)	(3,700)
Funds invested by non-controlling interests	1,119	11,097
	-----	-----
<b>Net cash used in financing activities</b>	<b>(261,985)</b>	<b>(497,046)</b>
	-----	-----
<b>Net decrease in cash and cash equivalents</b>	<b>(209,358)</b>	<b>(284,911)</b>
Cash and cash equivalents at the beginning of the period	319,834	512,505
	-----	-----
<b>Net cash and cash equivalents at the end of the period</b>	<b>110,476</b>	<b>227,594</b>
	=====	=====
<b>Represented by:</b>		
Cash and cash equivalents	174,089	266,364
Bank overdrafts	(63,613)	(38,770)
	-----	-----
	<b>110,476</b>	<b>227,594</b>
	=====	=====

The accompanying notes form an integral part of this condensed consolidated interim financial information

# R.A.K Ceramics PJSC and its subsidiaries

## Condensed consolidated statement of changes in equity

for the nine month period ended 30 September 2019

	-----Attributable to owners of the Company-----											Non-controlling interests (NCI)	Total equity
	-----Reserves-----												
	Share capital	Share premium	Legal reserve	Translation reserve	Hyper inflation reserve*	Hedging reserve	General reserves	Capital reserves	Retained earnings	Total reserves	Total		
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 31 December 2018 (audited)	901,318	221,667	553,001	(113,688)	(112,009)	1,804	82,805	63,419	903,095	1,600,094	2,501,412	212,697	2,714,109
Adjustments on application of IFRS 16 (Refer note 2.1)	-	-	-	-	-	-	-	-	(6,203)	(6,203)	(6,203)	(1,240)	(7,443)
Balance at 1 January 2019 (restated)	901,318	221,667	553,001	(113,688)	(112,009)	1,804	82,805	63,419	896,892	1,593,891	2,495,209	211,457	2,706,666
<b>Total comprehensive income for the period (unaudited)</b>													
Profit for the period	-	-	-	-	-	-	-	-	129,290	129,290	129,290	26,535	155,825
<i>Other comprehensive income</i>													
Foreign currency translation differences	-	-	-	(6,092)	(68,471)	-	-	-	-	(74,563)	(74,563)	(2,188)	(76,751)
Changes in cash flow hedges	-	-	-	-	-	(19,822)	-	-	-	(19,822)	(19,822)	-	(19,822)
<b>Total comprehensive income for the period</b>	-	-	-	(6,092)	(68,471)	(19,822)	-	-	129,290	34,905	34,905	24,347	59,252
<b>Other equity movements (unaudited)</b>													
Transfer to legal reserve	-	-	16,204	-	-	-	-	-	(16,204)	-	-	-	-
Directors' remuneration (refer note 24(ii))	-	-	-	-	-	-	-	-	(3,700)	(3,700)	(3,700)	-	(3,700)
<b>Transactions with owners (unaudited)</b>													
Dividend paid (refer note 24(i))	-	-	-	-	-	-	-	-	(135,198)	(135,198)	(135,198)	-	(135,198)
Bonus shares issued (refer note 24(i))	45,066	-	-	-	-	-	-	-	(45,066)	(45,066)	-	-	-
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(12,097)	(12,097)
Capitalisation of retained earnings	-	-	-	-	-	-	-	11,621	(11,621)	-	-	-	-
Funds invested by NCI	-	-	-	-	-	-	-	-	-	-	-	1,119	1,119
<b>At 30 September 2019 (unaudited)</b>	<b>946,384</b>	<b>221,667</b>	<b>569,205</b>	<b>(119,780)</b>	<b>(180,480)</b>	<b>(18,018)</b>	<b>82,805</b>	<b>75,040</b>	<b>814,393</b>	<b>1,444,832</b>	<b>2,391,216</b>	<b>224,826</b>	<b>2,616,042</b>

\* Due to significantly adverse currency exchange rate of Iranian Rial.

The hyperinflation reserve comprises of foreign currency differences arising from the translation of the financial statements of RAK Ceramics (PJSC) Limited, Iran and the effect of translating their financial statements at the corresponding inflation index when it was operating in a hyperinflationary economy, in accordance with IAS 29: *Financial Reporting in Hyperinflationary Economies*.

The accompanying notes form an integral part of this condensed consolidated interim financial information

# R.A.K Ceramics PJSC and its subsidiaries

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

for the nine month period ended 30 September 2019

	Attributable to owners of the Company											Non-controlling interests (NCI)	Total equity
	Share capital	Share premium	Legal reserve	Translation reserve	Hyper inflation reserve	Hedging reserve	General reserves	Capital reserves	Retained earnings	Total reserves	Total		
	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000	AED '000
Balance at 31 December 2017 (audited)	858,398	221,667	529,066	(94,594)	(98,955)	7,452	82,805	52,798	1,105,620	1,805,859	2,664,257	186,638	2,850,895
Adjustment on application of IFRS 9	-	-	-	-	-	-	-	-	(72,683)	(72,683)	(72,683)	-	(72,683)
Balance at 1 January 2018 (restated)	858,398	221,667	529,066	(94,594)	(98,955)	7,452	82,805	52,798	1,032,937	1,733,176	2,591,574	186,638	2,778,212
<i>Total comprehensive income for the period (unaudited)</i>													
Profit for the period	-	-	-	-	-	-	-	-	139,264	139,264	139,264	28,634	167,898
<i>Other comprehensive income</i>													
Foreign currency translation differences	-	-	-	(23,332)	(9,195)	-	-	-	-	(32,527)	(32,527)	(2,832)	(35,359)
Changes in cash flow hedges	-	-	-	-	-	1,657	-	-	-	1,657	1,657	-	1,657
Total comprehensive income for the period	-	-	-	(23,332)	(9,195)	1,657	-	-	139,264	108,394	108,394	25,802	134,196
<i>Other equity movements (unaudited)</i>													
Transfer to legal reserve	-	-	19,546	-	-	-	-	-	(19,546)	-	-	-	-
Directors' remuneration (refer note 24(ii))	-	-	-	-	-	-	-	-	(3,700)	(3,700)	(3,700)	-	(3,700)
<i>Transactions with owners (unaudited)</i>													
Dividend paid (refer note 24(i))	-	-	-	-	-	-	-	-	(214,600)	(214,600)	(214,600)	-	(214,600)
Bonus shares issued (refer note 24(i))	42,920	-	-	-	-	-	-	-	(42,920)	(42,920)	-	-	-
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(26,858)	(26,858)
Change in NCI due to acquisition and disposal	-	-	-	-	-	-	-	-	(16,686)	(16,686)	(16,686)	2,445	(14,241)
Capitalisation of retained earnings	-	-	-	-	-	-	-	10,621	(10,621)	-	-	-	-
Funds invested by NCI	-	-	-	-	-	-	-	-	-	-	-	11,097	11,097
At 30 September 2018 (unaudited)	901,318	221,667	548,612	(117,926)	(108,150)	9,109	82,805	63,419	864,128	1,563,664	2,464,982	199,124	2,664,106

The accompanying notes form an integral part of this condensed consolidated interim financial information

# R.A.K Ceramics PJSC and its subsidiaries

## Notes to the condensed consolidated interim financial information

for the nine month period ended 30 September 2019 (unaudited)

### 1 General information

R.A.K Ceramics PJSC ("the 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, UAE. Subsequently, under the Emiri Decree No. 9/91 dated 6 July 1991, the legal status of the Company was changed to a Public Shareholding Company. The registered address of the Company is P.O. Box 4714 Al Jazeerah, Al Hamra City, Ras Al Khaimah, United Arab Emirates. The Company is listed on the Abu Dhabi Securities Exchange, UAE.

The condensed consolidated interim financial information as at and for the nine month period ended 30 September 2019 ("the current period") comprises the Company and its subsidiaries (collectively referred to as "the Group") and the Group's interest in equity accounted investees.

The principal activities of the Company are manufacturing and sale of a variety of ceramic products including tiles, bathroom sets, sanitary wares and table wares. The Company and certain entities in the Group are also engaged in investing in other entities, in UAE or globally, that undertake 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 Application of new and revised International Financial Reporting Standards ("IFRSs")

#### 2.1 New and revised IFRSs applied with material effect on the condensed consolidated interim financial information

##### IFRS 16 Leases

The Group has adopted IFRS 16 'Leases' the standard which replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions in the Legal Form of a Lease' in the current reporting period.

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognized in the Group's financial position, unless the term of the lease is less than or equal to 12 month or the lease is for a low value asset. Thus, the classification required under IAS 17 'Leases' into operating or finance leases is eliminated for lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and the balance is amortized over the lease term.

The Group has opted for the modified retrospective application permitted by IFRS 16 on its first time adoption and therefore the comparative information has not been restated. On first time application of IFRS 16, the right to use the leased assets is generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures require the Group to present a reconciliation of the off-balance sheet lease obligations as of 31 December 2018 to the recognized lease liabilities as of 1 January 2019, which is shown below:



## R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

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

#### 2.1 New and revised IFRSs applied with material effect on the condensed consolidated interim financial information (continued)

##### IFRS 16 Leases (continued)

	Amount AED’000 (Unaudited)
Operating lease commitments as at 1 January 2019 (unaudited)	126,340
Less: Impact of discounting using incremental borrowing rate	(18,523)
	-----
Lease liability recognized as at 1 January 2019	107,817
	=====
Disclosed as:	
Current lease liabilities	17,552
Non-current lease liabilities	90,265
	=====

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following type of assets:

	30 September 2019 AED’000 (Unaudited)	1 January 2019 AED’000 (Unaudited)
Properties	78,895	92,864
Vehicles	4,881	7,510
	-----	-----
<b>Total right-of-use assets</b>	<b>83,776</b>	<b>100,374</b>
	=====	=====

The net impact on equity as on 1 January 2019 was a decrease:

- in retained earnings	6,203
- in non-controlling interest	1,240
	-----
	7,443
	=====

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

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

### 2.1 New and revised IFRSs applied with material effect on the condensed consolidated interim financial information (continued)

#### IFRS 16 Leases (continued)

##### Impact on segment disclosures

The application of IFRS 16 impacted the segment assets and segment liabilities as at 30 September 2019 (unaudited) and the impact shown below has been included in the segment assets and segment liabilities in Note 27.

	Ceramic Products AED’000 (Unaudited)	Other Industrial AED’000 (Unaudited)	Others AED’000 (Unaudited)	Elimination AED’000 (Unaudited)	Total AED’000 (Unaudited)
Segment assets	86,749	528	601	(4,102)	83,776
Segment liabilities	95,580	709	821	(4,049)	93,061

The Group leases various offices, warehouses, retail stores, equipment and cars. Rental contracts are typically made for fixed periods of 2 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 December 2018, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, the Group recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Right-of-use assets and lease liabilities arising from a lease are initially measured at the present value of agreed future lease rent payments. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

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

### 2.1 New and revised IFRSs applied with material effect on the condensed consolidated interim financial information (continued)

#### IFRS 16 Leases (continued)

##### Impact on segment disclosures (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability at the present value of agreed future lease rent payments,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of, or less than, 12 months.

##### Practical expedient

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics in the same jurisdiction,
- reliance on previous assessments of whether leases are onerous,
- the accounting for operating leases with a remaining lease term of 12 months or fewer months as at 1 January 2019 as short-term leases and leases for low-value assets
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease”.

### 2.2 New and revised IFRSs applied with no material effect on the condensed consolidated interim financial information Effective for annual periods beginning on or after 1 January 2019

- Amendments to IFRS 9 ‘Prepayment Features with Negative Compensation’
- Amendments to IAS 28 ‘Investment in Associates and Joint Ventures’: Relating to long-term interests in associates and joint ventures.
- Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 ‘Employee Benefits Plan Amendment, Curtailment or Settlement’
- IFRIC 23 ‘Uncertainty over Income Tax Treatments’

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

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

### 2.3 New and revised IFRS standards and interpretations but not yet effective

Effective for annual periods beginning after 1 January 2020 and beyond:

- IFRS 17: ‘Insurance Contracts’ relating to providing a more uniform measurement and presentation approach for all insurance contracts.
- Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.
- Amendments in IFRS 7, 9 and IAS 39 regarding pre-replacement issues in the context of the IBOR reform
- Annual Improvements to IFRSs 2018 Cycle Amendments to *IFRS 2 Share-based Payment*, *IFRS 3 Business Combinations*, *IFRS 6 Exploration for and Evaluation of Mineral Resources*, *IFRS 14 Regulatory Deferral Accounts*, *IAS 1 Presentation of Financial Statements*, *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*, *IAS 34 Interim Financial Reporting*, *IAS 38 Intangible Assets*, *IFRIC 12 Service Concession Arrangements*, *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*, *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*, *IFRIC 22 Foreign Currency Transactions and Advance Consideration*, *SIC -32 Intangible Assets—Web Site Costs* and *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

## 3 Summary of significant accounting policies

### Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (IAS) No. 34 ‘Interim Financial Reporting’.

The condensed consolidated interim financial information is presented in U.A.E. Dirham (AED) since that is the currency in which the majority of the Group’s transactions are denominated and all values are rounded to the nearest thousand (AED ‘000) except when otherwise indicated.

This condensed consolidated interim financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2018, except for first time adoption of IFRS 16 as stated in Note 2.1.

This condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2018. In addition, results for the nine month period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 4 Changes in judgements and estimation uncertainty

The critical judgements and estimates used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018 except for the changes highlighted below:

### *Determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

### *Discounting of lease payments*

The agreed lease payments over the tenor of the lease are discounted using the incremental borrowing rates ("IBR") applicable to the jurisdiction of the lessees. Management has applied judgments and estimates to determine the IBR at the commencement of leases.

## 5 Revenue

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Sale of goods	<b>1,909,638</b>	2,025,580	<b>632,811</b>	662,273
Others	<b>14,092</b>	24,974	<b>3,205</b>	7,256
	-----	-----	-----	-----
	<b>1,923,730</b>	2,050,554	<b>636,016</b>	669,529
	=====	=====	=====	=====

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 6 Cost of sales

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Raw materials consumed	550,161	707,178	188,709	204,175
Change in inventory of finished goods	25,460	(102,138)	1,514	(9,785)
Allowance for slow moving and obsolete inventory – net	14,572	5,829	1,445	(44)
Direct labor	167,719	178,672	56,014	59,039
Power and fuel	96,165	117,315	33,392	37,401
LPG and natural gas	143,671	176,567	46,704	59,841
Depreciation on property, plant and equipment	82,597	83,996	28,070	27,959
Depreciation of right-of-use assets	118	-	43	-
Repairs and maintenance expense	72,845	85,020	25,062	28,551
Packing material expenses	76,813	78,436	25,739	26,311
Others	33,807	38,582	9,862	12,853
	-----	-----	-----	-----
	1,263,928	1,369,457	416,554	446,301
	=====	=====	=====	=====

## 7 Administrative and general expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Staff and other associated costs	74,301	81,449	24,476	26,893
Depreciation on property, plant and equipment	13,481	16,946	3,950	5,365
Depreciation on investment properties	7,863	7,778	2,650	2,622
Telephone, postal and office supplies	4,248	4,768	1,285	1,627
Repairs and maintenance expense	4,828	5,316	1,430	2,051
Legal and professional fee	8,577	8,186	3,278	2,936
Depreciation of right-of-use assets	1,546	-	512	-
Utility expense	3,740	4,215	1,591	1,106
Security charges	1,398	1,186	464	350
Amortization of intangible assets	4,688	4,664	1,689	1,473
Information technology licenses and consultancy expenses	8,665	8,375	2,883	3,125
Expenses on investment properties	6,542	7,040	2,687	3,048
Others	22,336	22,814	6,178	8,006
	-----	-----	-----	-----
	162,213	172,737	53,073	58,602
	=====	=====	=====	=====

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 7 Administrative and general expenses (continued)

### 7(i) Impairment (reversal)/loss on trade receivables and due from related Parties

	Nine month period ended 30 September		Three month period ended 30 September	
	2019	2018	2019	2018
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Impairment (reversal)/ loss on trade receivables and due from related parties*	<b>(16,276)</b>	11,250	<b>3,559</b>	4,549
	=====	=====	=====	=====

\*Included in the above is the reversal of a provision made in 2017 for contracting receivables, which were received in cash in the period ended 30 June 2019.

## 8 Selling and distribution expenses

	Nine month period ended 30 September		Three month period ended 30 September	
	2019	2018	2019	2018
	AED'000	AED'000	AED'000	AED'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Staff and other associated costs	<b>107,432</b>	102,965	<b>35,049</b>	33,288
Freight and transportation	<b>95,034</b>	94,893	<b>32,155</b>	35,340
Performance rebates	<b>55,499</b>	63,144	<b>16,413</b>	20,036
Advertisement and promotions expenses	<b>36,436</b>	35,510	<b>11,708</b>	9,340
Rental expenses	<b>3,786</b>	21,131	<b>1,566</b>	5,255
Travel and entertainment expenses	<b>3,748</b>	3,675	<b>1,181</b>	1,083
Depreciation on property, plant and equipment	<b>5,023</b>	3,681	<b>1,526</b>	1,556
Depreciation of right-of-use assets	<b>14,502</b>	-	<b>4,938</b>	-
Others	<b>12,296</b>	13,488	<b>4,795</b>	4,963
	-----	-----	-----	-----
	<b>333,756</b>	338,487	<b>109,331</b>	110,861
	=====	=====	=====	=====

## 9 Other income

Other income for the nine month period ended 30 September 2018 (unaudited) includes a gain on sale of contracting assets of AED 18.96 million.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 10 Finance costs and income

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
<b>(i) Finance costs</b>				
Interest on bank financing	<b>38,081</b>	36,884	<b>12,799</b>	12,614
Profit expense on Islamic financing	<b>18,395</b>	18,003	<b>6,706</b>	6,003
Interest on amount due to related parties	<b>26</b>	54	<b>13</b>	1
Bank charges	<b>2,155</b>	2,234	<b>688</b>	576
Interest expense on lease liabilities	<b>4,349</b>	-	<b>1,503</b>	-
Net change in the fair value of derivatives	<b>2,896</b>	-	<b>430</b>	179
Net foreign exchange loss	<b>2,149</b>	13,334	<b>2,492</b>	580
	-----	-----	-----	-----
Total (A)	<b>68,051</b>	70,509	<b>24,631</b>	19,953
	=====	=====	=====	=====
<b>(ii) Finance income</b>				
Interest on bank deposits	<b>4,055</b>	4,034	<b>1,734</b>	1,158
Profit on wakala deposits	<b>172</b>	336	<b>1</b>	31
Net change in the fair value of derivatives	-	4,167	-	-
Interest on amount due from related parties	-	21	-	21
	-----	-----	-----	-----
Total (B)	<b>4,227</b>	8,558	<b>1,735</b>	1,210
	=====	=====	=====	=====
Net finance costs (A-B)	<b>63,824</b>	61,951	<b>22,896</b>	18,743
	=====	=====	=====	=====

## 11 Investments in equity accounted investees

The Group's share of profit in equity accounted investees for the nine month period ended 30 September 2019 amounted to AED 9.31 million (unaudited) (*nine month period ended 30 September 2018 (unaudited): AED 7.65 million*).

The Group has received AED 8.45 million (unaudited) as dividends during the current period from its equity accounted investees (*nine month period ended 30 September 2018 (unaudited): AED 7.45 million*).

During the nine month period ended 30 September 2018, the Group acquired a further 30% equity interest in its previously equity accounted investee, RAK Saudi LLC, for a total consideration of AED 5.88 million (refer note 26).



## R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

### 12 Earnings per share

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
<b>Earnings per share</b>				
Profit attributable to owners of the Company (AED'000)	<b>129,290</b> =====	139,264 =====	<b>39,119</b> =====	38,418 =====
Weighted average number of Outstanding shares ('000s)	<b>946,384</b> =====	946,384 =====	<b>946,384</b> =====	946,384 =====
Earnings per share (AED) – basic and diluted	<b>0.14</b> =====	0.15 =====	<b>0.04</b> =====	0.04 =====

Earnings per share - basic and diluted is calculated by dividing profit for the period attributable to Owners of the Company by weighted average number of shares outstanding during the period.

### 13 Property, plant and equipment

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

During the nine month period ended 30 September 2019, the Group has acquired property, plant and equipment and made additions to capital work in progress amounting to AED 138.44 million (*nine month period ended 30 September 2018: AED 147.55 million* and assets acquired through a business combination with a net book value of *AED 3.91 million* (refer note 26)).

Property, plant and equipment with a carrying amount of AED 0.19 million were disposed of during the current period (*nine month period ended 30 September 2018: AED 14.18 million*) resulting in a gain on disposal of AED 1.58 million (*nine month period ended 30 September 2018: AED 22.44 million*) which is included in other income in the condensed consolidated statement of profit or loss.

Depreciation of property, plant and equipment for the current period amounted to AED 101.10 million (*nine month period ended 30 September 2018: AED 104.62 million*). Below is the breakdown of property, plant and equipment inside and outside the U.A.E:

	30 September 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Inside U.A.E.	<b>731,675</b>	714,459
Outside U.A.E.	<b>438,645</b>	466,842
	-----	-----
	<b>1,170,320</b> =====	1,181,301 =====

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 14 Goodwill

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Balance as at 1 January	<b>120,144</b>	89,001
Add: acquisition through business combination (refer note 26)	-	31,486
Less: effect of movements in exchange rate	<b>(204)</b>	(343)
	-----	-----
Balance as at 30 September / 31 December	<b>119,940</b> =====	120,144 =====

Goodwill represents an amount of AED 50.4 million, AED 5.5 million, AED 5.5 million, AED 27 million and AED 31.5 million recognized on the acquisition of Ceramin FZ LLC, RAK Ceramics UK Limited, RAK Distribution Europe S.A.R.L, ARK International Trading Company Limited and RAK Saudi LLC, respectively. Goodwill arising from a business combination is tested annually for any impairment.

## 15 Investment properties

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Inside U.A.E.	<b>1,132,682</b>	1,139,687
Outside U.A.E	<b>40,670</b>	41,504
	-----	-----
	<b>1,173,352</b> =====	1,181,191 =====

Investment properties comprise of land and buildings that are located in the United Arab Emirates, Bangladesh and Lebanon.

The fair value of the Group's investment properties as at 31 December 2018 (audited) amounted to AED 1,332.70 million and was arrived at on the basis of valuations carried out by external valuers who have appropriate market experience in the valuation of properties. Management estimates that there has been no change in the fair value of investment properties during the nine month period ended 30 September 2019.

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2019 (31 December 2018: Level 3).

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 16 Trade and other receivables

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Trade receivables	<b>1,069,533</b>	1,076,506
Less: Allowance for impairment loss	<b>(245,547)</b>	(252,438)
	-----	-----
	<b>823,986</b>	824,068
Advances and prepayments	<b>185,222</b>	178,284
Deposits	<b>26,587</b>	23,278
Other receivables	<b>179,540</b>	185,421
	-----	-----
	<b>1,215,335</b>	1,211,051
	=====	=====
 (i) Long term receivables		
	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Total amount receivable	<b>4,186</b>	-
Less: Allowance for impairment loss	<b>(703)</b>	-
	-----	-----
	<b>3,483</b>	-
Less: current portion included in trade receivables	<b>(461)</b>	-
	-----	-----
Long term trade receivables (A)	<b>3,022</b>	-
	=====	=====
Total amount receivable	<b>112,339</b>	128,840
Less: Allowance for impairment loss	<b>(26,375)</b>	(26,375)
	-----	-----
	<b>85,964</b>	102,465
Less: current portion included in other receivables	<b>(60,612)</b>	(69,113)
	-----	-----
Long term other receivables (B)	<b>25,352</b>	33,352
	=====	=====
Long term receivables ( A + B )	<b>28,374</b>	33,352
	=====	=====

The above long term other receivable includes amounts receivable on disposal of a subsidiary and is partially secured by post-dated cheques.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 17 Inventories

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Finished goods (net of net realisable value adjustments)	<b>962,830</b>	940,905
Less: Allowance for slow moving and obsolete inventories	<b>(134,588)</b>	(130,504)
	-----	-----
Subtotal (A)	<b>828,242</b>	810,401
	=====	=====
Raw materials	<b>234,748</b>	230,449
Stores and spares	<b>197,346</b>	185,210
	-----	-----
	<b>432,094</b>	415,659
Less : Allowance for slow-moving inventories	<b>(72,518)</b>	(67,679)
	-----	-----
Subtotal (B)	<b>359,576</b>	347,980
	=====	=====
Goods-in-transit (C)	<b>42,514</b>	73,097
Work-in-progress (D)	<b>20,933</b>	18,027
	-----	-----
Total (A+B+C+D)	<b>1,251,265</b>	1,249,505
	=====	=====

At 30 September 2019, the Group has a cumulative loss due to write-down of finished goods inventories of AED 100.68 million against the cost of AED 338.51 million (unaudited) (31 December 2018 (audited): AED 92.54 million against the cost of AED 274.21 million) to bring it to its net realisable value which was lower than its cost. The difference in write down of AED 8.14 million (unaudited) (nine month period ended 30 September 2018 (unaudited): AED 18.36 million) is included in cost of sales in the condensed consolidated statement of profit or loss.

Certain inventories are subject to a charge in favour of banks against facilities obtained by the Group.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 18 Related party balances and transactions

The Group, in the ordinary course of business, enters into transactions with other business enterprises that fall within the definition of related parties as contained in International Accounting Standard 24 "Related Party Disclosures". Management approves prices and terms of payment for these transactions and these are carried out at mutually agreed rates. The significant transactions entered into by the Group with related parties during the period, other than those disclosed elsewhere in this condensed consolidated interim financial information are as follows:

### Equity accounted investees and companies under common management:

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Sale of goods and services and construction contracts	75,987	78,779	26,485	25,106
Purchase of goods and rendering of services	198,768	240,716	68,437	81,398
Interest expenses	26	54	13	1

### Compensation to key management personnel:

	Nine month period ended 30 September		Three month period ended 30 September	
	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)	2019 AED'000 (Unaudited)	2018 AED'000 (Unaudited)
Short term benefits	7,697	7,862	2,566	1,994
Staff terminal benefits	335	170	64	54
Board of Directors' remuneration	3,700	3,700	-	-

At 30 September 2019, amounts due from related parties are as follows:

### Due from related parties

	30 September 2019 AED'000 (Unaudited)	31 December 2018 AED'000 (Audited)
Equity accounted investees	40,402	96,731
Other related parties	55,136	90,449
	-----	-----
	95,538	187,180
Less: Allowance for impairment loss	(50,345)	(74,550)
	-----	-----
	45,193	112,630
	=====	=====

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 18 Related party balances and transactions (continued)

At 30 September 2019, amounts due to related parties are as follows:

### Due to related parties

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Equity accounted investees	<b>6,311</b>	5,084
Other related parties	<b>36,642</b>	44,430
	-----	-----
	<b>42,953</b>	49,514
	=====	=====

## 19 Derivative financial instruments

The Group uses derivative financial instruments for risk management purposes. The Group classified interest rate swaps and commodity derivatives as cash flow hedges in accordance with the recognition criteria of IFRS 9, as it is mitigating the risk of cash flow variations due to movements in interest rates and commodity prices.

The table below shows the fair values of derivative financial instruments, which are equivalent to the market values.

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
<b>(i) Derivative financial assets</b>		
Interest rate swaps used for hedging	-	5,505
Commodity derivative used for hedging	<b>5</b>	-
Forward exchange contracts	<b>552</b>	-
Other currency and interest rate swaps	-	790
	-----	-----
	<b>557</b>	6,295
	=====	=====
<b>(ii) Derivative financial liabilities</b>		
Commodity derivative used for hedging	-	3,701
Interest rate swaps used for hedging	<b>18,023</b>	-
Forward exchange contracts	-	426
Other currency and interest rate swaps	<b>3,084</b>	-
	-----	-----
	<b>21,107</b>	4,127
	=====	=====

## R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

### 20 Bank balances and cash

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Cash in hand	<b>1,651</b>	1,669
Cash at bank		
- in fixed deposits with maturity less than three months	<b>12,124</b>	119,166
- in wakala deposits	-	19,800
- in current accounts	<b>146,604</b>	168,799
- in margin deposits	<b>3,741</b>	817
- in call accounts	<b>10,652</b>	14,541
	-----	-----
Cash and cash equivalents (excluding allowance for impairment loss)	<b>174,772</b>	324,792
Less: Allowance for impairment loss	<b>(683)</b>	(683)
	-----	-----
Cash and cash equivalents (A)	<b>174,089</b>	324,109
	-----	-----
Fixed deposits with an original maturity of more than three months (B)	<b>138,266</b>	-
	-----	-----
Bank balances and cash ( A+B )	<b>312,355</b>	324,109
	=====	=====

Cash in hand and cash at bank includes AED 0.62 million (31 December 2018 (audited): AED 0.52 million) and AED 84.05 million (31 December 2018 (audited): AED 86.04 million) respectively, held outside UAE.

All fixed deposits carry interest at normal commercial rates and include AED 1.62 million (31 December 2018 (audited): AED 0.37 million) which are held by banks under lien against bank facilities availed by the Group. Wakala deposits carry profit at rates agreed with the Islamic banks and were placed with banks for an original maturity period of less than three months.

Margin deposits and current accounts are non-interest bearing accounts.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 21 Share capital

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Authorised, issued and paid up		
170,000,000 shares of AED 1 each paid up in cash	<b>170,000</b>	170,000
776,384,722 shares of AED 1 each issued as bonus shares (2018: 731,318,783 shares of AED 1 each issued as bonus shares)	<b>776,384</b>	731,318
	-----	-----
	<b>946,384</b>	901,318
	=====	=====

## 22 Bank borrowings

### (a) Islamic bank financing

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
<b>(i) Short term</b>		
Mudaraba facilities (A)	<b>52,000</b>	70,000
Commodity murabaha facilities (B)	<b>63,247</b>	142,775
Current portion of long term financing (refer below)	<b>123,366</b>	112,245
	-----	-----
	<b>238,613</b>	325,020
	=====	=====

### (ii) Long term – Islamic bank financing

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Commodity murabaha facilities (B)	<b>384,642</b>	375,023
Ijarah facilities (C)	<b>293,881</b>	91,837
Less: current portion of long term financing	<b>(123,366)</b>	(112,245)
	-----	-----
	<b>555,157</b>	354,615
	=====	=====



## R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

### 22 Bank borrowings (continued)

#### (a) Islamic bank financing (continued)

#### (ii) Long term – Islamic bank financing (continued)

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
<b>Movement:</b>		
Balance as at 1 January	466,860	486,896
Availed during the period/year	383,204	91,837
Less: repaid during the period/year	(171,541)	(111,873)
	-----	-----
Balance as at end of the period/year	678,523	466,860
Less: current portion included in short term (refer 22 (a) (i))	(123,366)	(112,245)
	-----	-----
	<b>555,157</b>	354,615
	=====	=====

The securities provided against these facilities are similar to those mentioned in the consolidated financial statements of the Group for the year ended 31 December 2018.

- (A) Mudaraba is a mode of Islamic financing where a contract is entered into between two parties whereby one party (Bank) provides funds to another party (the Group) who then invest in activity deploying its experience and expertise for a specific pre-agreed share in the resultant profit.
- (B) In murabaha Islamic financing, a contract is entered into between two parties whereby one party (Bank) purchases an asset and sells it to another party (the Group), on a deferred payment basis at a pre-agreed profit.
- (C) Ijarah is another mode of Islamic financing where a contact is entered into between two parties whereby one party (Bank) purchases/acquires an asset, either from a third party or from the Group, and leases it to the Group against certain rental payments and for a specific lease period.

#### (b) Interest bearing bank financing

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
<b>(i) Short term</b>		
Bank overdrafts	63,613	4,275
Short term loan	155,055	130,947
Current portion of long term financing	235,433	226,758
	-----	-----
	<b>454,101</b>	361,980
	=====	=====

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 22 Bank borrowings (continued)

### (b) Interest bearing bank financing (continued)

#### (ii) Long term bank loans

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Balance as at 1 January	<b>938,145</b>	1,094,192
Availed during the period/year	<b>7,306</b>	109,556
Less: repaid during the period/year	<b>(178,579)</b>	(265,603)
	-----	-----
Balance as at end of the period/year	<b>766,872</b>	938,145
Less: current portion (refer 22 (b) (i))	<b>(235,433)</b>	(226,758)
	-----	-----
	<b>531,439</b>	711,387
	=====	=====

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 2018.

## 23 Trade and other payables

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
Trade payables	<b>326,959</b>	377,091
Accrued and other expenses	<b>199,382</b>	206,804
Advance from customers	<b>39,198</b>	39,718
Commission and rebates payable	<b>62,259</b>	60,109
Other payables	<b>45,558</b>	37,203
	-----	-----
	<b>673,356</b>	720,925
	=====	=====

## 24 Dividend and Directors' fee

- (i) At the Annual General Meeting (AGM) held on 11 March 2019, the shareholders approved a cash dividend of 15 % amounting to AED 135,198 thousand and a stock dividend of 5% amounting to AED 45,066 thousand, which was proposed by the Board of Directors. (2018 : cash dividend of 25% amounting to AED 214,600 thousand and stock dividend of 5% amounting to AED 42,920 thousand)
- (ii) At the Annual General Meeting (AGM) held on 11 March 2019, the shareholders approved the Directors' remuneration amounting to AED 3.7 million for the year ended 31 December 2018 (for the year ended 31 December 2017 : AED 3.7 million).

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 25 Contingent liabilities and commitments

	<b>30 September 2019 AED'000 (Unaudited)</b>	31 December 2018 AED'000 (Audited)
<b>Contingent liabilities</b>		
Letters of guarantee	<b>11,361</b>	17,136
Letters of credit	<b>101,699</b>	62,612
Value added tax and other tax contingencies	<b>63,576</b>	72,754
<b>Commitments</b>		
Capital commitments	<b>25,781</b> =====	32,845 =====

The Group has issued corporate guarantees for advances obtained by related parties from commercial banks. Guarantee outstanding as at 30 September 2019 amounts to AED 246.9 million (as at 31 December 2018: AED 258.5 million).

## 26 Acquisition of subsidiaries

### *Acquisition of a subsidiary in 2018*

During the period ended 30 June 2018, the Group has acquired a further 30% equity interest in its previously equity accounted investee, RAK Saudi LLC thereby increasing shareholding of the Group to 80% stake. After acquisition of 30% equity interest, the Group can now exercise control over the financial and operating policies of the investee. The remaining 20% interest was acquired by the Group in July 2018.

The identifiable assets and liabilities of RAK Saudi LLC were as follows:

	2018 AED'000
Total assets	47,317
Less: total liabilities	(79,322)
	-----
Net liabilities	(32,005)
Add: non-controlling interests	6,401
	-----
Net liabilities assumed	(25,604)
Less: consideration	(5,882)
	-----
Goodwill	31,486
	=====

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 27 Segment reporting

An operating segment is a component of the Group which engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Segment results which are reported to the Company's CEO (chief operating decision maker) include items directly attributable to a segment as well as those which can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group has made some minor classification changes to its segment reporting in the quarter ended 30 September to reflect better the current operational results and the comparative has been reclassified accordingly.

The Group has 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 operations in each of the Group's reportable segments:

<i>Ceramic products</i>	includes manufacture and sale of ceramic wall and floor tiles, gres porcellanato, bath ware and table ware products.
<i>Other industrial</i>	includes manufacturing and distribution of power, paints, plastic, mines and faucets.
<i>Others</i>	Includes security services, material movement, real estate, construction projects and civil works.

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.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 27 Segment reporting (continued)

	Ceramic products AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
<b>Nine month period ended 30 September 2019 (unaudited)</b>					
External revenue	1,830,514	79,124	14,092	-	1,923,730
Intersegment revenue	321,222	76,042	1,902	(399,166)	-
<b>Total Revenue</b>	<b>2,151,736</b>	<b>155,166</b>	<b>15,994</b>	<b>(399,166)</b>	<b>1,923,730</b>
<b>Segment profit/(loss) for the period</b>	<b>165,839</b>	<b>16,142</b>	<b>2,438</b>	<b>(28,594)</b>	<b>155,825</b>
<b>Segment EBITDA for the period</b>	<b>350,844</b>	<b>19,848</b>	<b>8,740</b>	<b>(30,975)</b>	<b>348,457</b>
<b>As at 30 September 2019 (unaudited)</b>					
<b>Total assets</b>	<b>6,920,139</b>	<b>296,806</b>	<b>466,609</b>	<b>(2,196,866)</b>	<b>5,486,688</b>
<b>Total liabilities</b>	<b>3,660,377</b>	<b>82,735</b>	<b>110,419</b>	<b>(982,885)</b>	<b>2,870,646</b>
<b>Nine month period ended 30 September 2018 (unaudited)</b>					
External revenue	1,944,784	80,796	24,974	-	2,050,554
Intersegment revenue	343,838	94,909	744	(439,491)	-
<b>Total Revenue</b>	<b>2,288,622</b>	<b>175,705</b>	<b>25,718</b>	<b>(439,491)</b>	<b>2,050,554</b>
<b>Segment profit/(loss) for the period</b>	<b>173,039</b>	<b>14,016</b>	<b>20,995</b>	<b>(40,152)</b>	<b>167,898</b>
<b>Segment EBITDA for the period</b>	<b>335,244</b>	<b>18,873</b>	<b>11,869</b>	<b>(40,152)</b>	<b>325,834</b>
<b>As at 31 December 2018 (audited)</b>					
<b>Total assets</b>	<b>6,876,273</b>	<b>279,378</b>	<b>471,484</b>	<b>(2,130,095)</b>	<b>5,497,040</b>
<b>Total liabilities</b>	<b>3,510,326</b>	<b>68,869</b>	<b>117,305</b>	<b>(913,569)</b>	<b>2,782,931</b>

EBITDA is earnings for the period before net interest expense, net profit expense on Islamic financing, income tax expense, depreciation, amortization and gain or loss on sale of assets.

# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
for the nine month period ended 30 September 2019 (unaudited)

## 27 Segment reporting (continued)

### Reconciliation of reportable segment profit or loss

	Nine month period ended 30 September	
	2019	2018
	AED'000	AED'000
	(Unaudited)	(Unaudited)
Total profit or loss for reportable segments after tax	175,114	200,401
Elimination of inter-segment profits	(28,594)	(40,152)
Share of profit of equity accounted investees	9,305	7,649
	-----	-----
<b>Reported profit</b>	<b>155,825</b>	<b>167,898</b>
	=====	=====

## 28 Financial instruments

### Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorised within the fair value hierarchy, described below, 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 recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing their 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.

# R.A.K Ceramics PJSC and its subsidiaries

## Notes to the condensed consolidated interim financial information (continued)

for the nine month period ended 30 September 2019 (unaudited)

### 28 Financial instruments (continued)

#### Accounting classifications and fair values

	-----Carrying value-----					-----Fair value-----			
	Fair value hedging instruments AED'000	Mandatory at FVTPL* others AED'000	Financial assets at amortized cost AED'000	Other financial liabilities AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>30 September 2019 (Unaudited)</b>									
<b>Financial assets measured at fair value</b>									
Commodity derivatives used for hedging	5	-	-	-	5	-	5	-	5
Forward exchange contracts	-	552	-	-	552	-	552	-	552
	<u>5</u>	<u>552</u>	<u>-</u>	<u>-</u>	<u>557</u>	<u>-</u>	<u>557</u>	<u>-</u>	<u>557</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial assets not measured at fair value</b>									
Long term receivables	-	-	28,374	-	28,374	-	-	-	-
Trade and other receivables	-	-	1,030,113	-	1,030,113	-	-	-	-
Due from related parties	-	-	45,193	-	45,193	-	-	-	-
Bank balances and cash	-	-	312,355	-	312,355	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,416,035</u>	<u>-</u>	<u>1,416,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial liabilities measured at fair value</b>									
Interest rate swaps used for hedge	18,023	-	-	-	18,023	-	18,023	-	18,023
Other currency and interest swaps	-	3,084	-	-	3,084	-	3,084	-	3,084
	<u>18,023</u>	<u>3,084</u>	<u>-</u>	<u>-</u>	<u>21,107</u>	<u>-</u>	<u>21,107</u>	<u>-</u>	<u>21,107</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial liabilities not measured at fair value</b>									
Islamic bank financing	-	-	-	793,770	793,770	-	-	-	-
Interest bearing bank financing	-	-	-	985,540	985,540	-	-	-	-
Trade and other payables	-	-	-	634,158	634,158	-	-	-	-
Due to related parties	-	-	-	42,953	42,953	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,456,421</u>	<u>2,456,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====

\*FVTPL : Fair value through profit or loss

# R.A.K Ceramics PJSC and its subsidiaries

## Notes to the condensed consolidated interim financial information (continued)

for the nine month period ended 30 September 2019 (unaudited)

### 28 Financial instruments (continued)

#### Accounting classifications and fair values (continued)

	-----Carrying value-----					-----Fair value-----			
	Fair value hedging instruments AED'000	Mandatory at FVTPL- others AED'000	Financial assets at amortized cost AED'000	Other financial liabilities AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>31 December 2018 (Audited)</b>									
<b>Financial assets measured at fair value</b>									
Interest rate swaps used for hedging	5,505	-	-	-	5,505	-	5,505	-	5,505
Other currency and interest rate swaps	-	790	-	-	790	-	790	-	790
	<u>5,505</u>	<u>790</u>	<u>-</u>	<u>-</u>	<u>6,295</u>	<u>-</u>	<u>6,295</u>	<u>-</u>	<u>6,295</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial assets not measured at fair value</b>									
Long term receivables	-	-	33,352	-	33,352	-	-	-	-
Trade and other receivables	-	-	1,032,767	-	1,032,767	-	-	-	-
Due from related parties	-	-	112,630	-	112,630	-	-	-	-
Bank balances and cash	-	-	324,109	-	324,109	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,502,858</u>	<u>-</u>	<u>1,502,858</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial liabilities measured at fair value</b>									
Commodity derivatives used for hedging	3,701	-	-	-	3,701	-	3,701	-	3,701
Forward exchange contracts	-	426	-	-	426	-	426	-	426
	<u>3,701</u>	<u>426</u>	<u>-</u>	<u>-</u>	<u>4,127</u>	<u>-</u>	<u>4,127</u>	<u>-</u>	<u>4,127</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial liabilities not measured at fair value</b>									
Islamic bank financing	-	-	-	679,635	679,635	-	-	-	-
Interest bearing bank financing	-	-	-	1,073,367	1,073,367	-	-	-	-
Trade and other payables	-	-	-	681,207	681,207	-	-	-	-
Due to related parties	-	-	-	49,514	49,514	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,483,723</u>	<u>2,483,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====	=====	=====	=====	=====



# R.A.K Ceramics PJSC and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)  
*for the nine month period ended 30 September 2019 (unaudited)*

## **29 Seasonality of results**

No income of seasonal nature was recorded in the condensed consolidated statement of profit or loss for the nine months period ended 30 September 2019 and 2018.

## **30 Approval of condensed consolidated interim financial information**

The condensed consolidated interim financial information was approved by the Board of Directors and authorised for issue on 5 November 2019.

## **31 Subsequent events**

Subsequent to the period ended 30 September 2019, subsidiary of the Group in Iran has entered into a lease agreement with a local entity thereby leasing its land, buildings, machinery and equipment for a period of 35 months, the consideration of which will be settled locally in Iran.