



Condensed Consolidated
Interim Financial Information

30 September 2021

RAK Ceramics PJSC and its Subsidiaries

Condensed consolidated interim financial information
30 September 2021

Table of contents

Section A:

1. Report of the Board of Directors

Section B:

1. Independent auditors' report on review of Condensed Consolidated Interim Financial Information.
2. Condensed Consolidated Interim Financial Information.

Dear Members,

It is our pleasure to present the business & operations report for the nine months period ending 30 September 2021, along with the consolidated interim financial information for the Group as on 30 September 2021.

Snapshots:

- Total revenue and profitability exceed pre-pandemic levels
- Q3 2021 revenue increased 9.4% year on year to AED 684.8 million
- Q3 2021 reported net profit of AED 63.4 million, a year on year increase of 86.5%, with a net profit margin of 9.3%
- Q3 total EBITDA increased by 18.0% year on year to AED 123.2 million
- Net debt decreased Quarter on Quarter by AED 37.9 million in Q3 2021 to AED 978.7 million
- Net debt to EBITDA ratio further decreased to 1.89x, an all-time low for RAK Ceramics

Robust growth across core business, surpassing pre-pandemic levels

RAK Ceramics delivered a strong financial performance in Q3 2021. Revenue and profitability surpassed pre-pandemic levels, despite challenging market conditions such as the imposition of customs duty in the Kingdom of Saudi Arabia and significant increases in logistics costs due to global container shortages. Total revenue increased 9.4% year on year to AED 684.8 million driven by strong growth trajectory in core business. Reported net profit increased by 86.5% year on year to AED 63.4 million, with a net profit margin of 9.3%, up from 5.4% in Q3 2020. The higher net profits and net profit margin are attributed to improved revenues and higher GP margins. Total EBITDA reported in Q3 2021 stands at AED 123.2 million, an increase of 18.0% when compared to AED 104.4 million reported in Q3 2020. Total gross profit margin for Q3 2021 increased by 7.1% to 38.2%, driven by production line optimization and increases in Tiles, Sanitary-ware, and Tableware margins. Net Debt as at the end of Q3 2021 decreased by AED 38 million to AED 978.7 million with the Net Debt to EBITDA ratio reaching an all-time low of 1.89x, indicating a strong balance sheet.

Strong financial and operational performance in key markets

Q3 2021 key market revenue was AED 127.5 million in Saudi Arabia, AED 131.6 million in the UAE, AED 104.5 million in India, AED 68.1 million in Bangladesh, and AED 98.1 million in Europe. In **Saudi Arabia**, despite the imposition of a 12% customs duty, RAK Ceramics was able to strengthen its position as a premium provider with the announcement of three new showrooms, two in Riyadh, and one in Madinah, which are expected to open later this year. In the **UAE**, RAK Ceramics continued to demonstrate strong operational efficiencies and improved gross profit margins. The anti-dumping duty, which came into effect in the UAE from 6th July 2021, ranged from 23.5% to 106% on imported tiles from India and China. The duty positively reflects the global demand for the Company's products. **India** operations marked a strong turnaround with business surpassing pre-pandemic levels. This was underpinned by positive business sentiments, as reflected in improved profitability, despite significantly higher fuel costs. In **Bangladesh**, the government imposed intermittent lockdowns from April to August 2021, resulted in temporary suspension of production lines. However, the Company demonstrated resilience and reported strong growth. In **Europe**, performance was impacted by higher shipping freight rates, owing to global container shortages. However, the Company expanded its customer base underpinned by differentiated capabilities and superior product management.

Tableware business steady recovery

Tableware performance across core markets improved and the Company has increased production to meet demand. However, performance was impacted due to higher shipping freight costs on account of a global shortage of containers.

Financial highlights for the nine month period ending 30 September 2021

| Particulars | Unit | Nine month period to 30 September 2021 | Nine month period to 30 September 2020 | Change |
|--|---------|---|---|---------------|
| Total Revenue | AED Mio | 2,108.3 | 1,629.8 | 29.4% |
| Gross Profit | AED Mio | 781.6 | 505.5 | 54.6% |
| GP Margin | % | 37.1% | 31.0% | 610 bps |
| EBITDA | AED Mio | 379.2 | 240.1 | 57.9% |
| EBITDA Margin | % | 18.0% | 14.7% | 330 bps |
| Reported Net Income/ (loss) | AED Mio | 221.0 | 44.5 | 396.7% |
| Reported Net Income/ (loss) margin | % | 10.5% | 2.7% | 780 bps |
| Net income before one-off, provisions & strategic gains | AED Mio | 216.7 | 69.8 | 210.5% |
| Net income margin before one-off, provisions & strategic gains | % | 10.3% | 4.3% | 600 bps |
| Reported Profit/ (loss) after NCI (Minority) | AED Mio | 201.3 | 47.2 | 326.6% |
| Reported Earnings/ (loss) per share | AED | 0.20 | 0.05 | 0.15 |
| | | 30 September 2021 | 31 December 2020 | Change |
| Total Assets | AED Mio | 5,151.7 | 5,247.5 | -1.8% |
| Share Capital | AED Mio | 993.7 | 993.7 | - |
| Shareholder's Equity | AED Mio | 2,281.0 | 2,143.0 | 6.4% |
| Net Debt | AED Mio | 978.9 | 1,229.2 | -20.4% |
| Net Debt / EBITDA | Times | 1.9 | 3.5 | - |
| Cost of Debt | % | 3.37% | 3.70% | -33 bps |

CSR activities, exhibitions, sponsorships and awards

- The Consul General of Sri Lanka visited corporate show room at Ras Al Khaimah.
- New product Maximus Luce won Best Innovation 2021 @ TTA Awards UK
- RAK Ceramics' innovation at Expo 2020 with the Italian Pavilion
- Participated Cersaie exhibition in Italy showcasing latest tiles and sanitary-ware products

Future Outlook

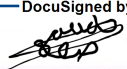
The strong financial and operational results in Q3 2021 come despite the impact of global supply chain disruptions, resulting in significantly increased freight costs. Our ability to navigate these challenges has helped us to deliver sustained growth, further validating our commitment to delivering shareholder value. Looking ahead for the remainder of 2021, we will continue to focus on improving operations efficiencies across our markets, protecting our market share, and increasing export profitability.

Financial Reporting

The condensed consolidated interim financial information of the Company, prepared in accordance with International Financial Reporting Standards (IFRS), fairly presents its financial position, the result of its operations, cash flows and changes in equity. Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments. There are no matters which call into question the company's ability to continue as a going concern.

Vote of Thanks

The Board would like to take this opportunity to thank Government bodies, the shareholders, investors, bankers & employees for their continuous commitment, co-operation, confidence & support in achieving the Company's objectives.

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Chairman

11 NOV 2021


Group Chief Executive Officer

**R.A.K. Ceramics P.J.S.C.
and its subsidiaries**

Condensed consolidated interim financial information
for the nine months period ended 30 September 2021

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Condensed consolidated interim financial information
30 September 2021

| Contents | Page |
|---|-------------|
| Independent auditor's review report | 1 |
| Condensed consolidated statement of profit or loss (unaudited) | 2 |
| Condensed consolidated statement of profit or loss and other comprehensive income (unaudited) | 3 |
| Condensed consolidated statement of financial position | 4 |
| Condensed consolidated statement of cash flows (unaudited) | 5 - 6 |
| Condensed consolidated statement of changes in equity | 7- 8 |
| Notes to the condensed consolidated interim financial information | 9 – 31 |

INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors
R.A.K. Ceramics P.J.S.C.
Ras Al Khaimah
United Arab Emirates**

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **R. A. K. Ceramics P.J.S.C. (the "Company") and its subsidiaries (together the "Group")**, Ras Al Khaimah, United Arab Emirates, as at 30 September 2021 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the nine months 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.

Deloitte & Touche (M.E.)



Signed by:
Mohammad Khamees Al Tah
Registration No. 717
11 November 2021
Sharjah, United Arab Emirates

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Condensed consolidated statement of profit or loss (unaudited)
for the nine months and three months period ended 30 September 2021

| | Notes | Nine months period ended 30 September | | Three months period ended 30 September | |
|---|-------|--|-----------------|---|-----------------|
| | | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 |
| Revenue | 5 | 2,108,304 | 1,629,768 | 684,763 | 625,697 |
| Cost of sales | 6 | (1,326,704) | (1,124,261) | (423,193) | (431,209) |
| Gross profit | | 781,600 | 505,507 | 261,570 | 194,488 |
| Administrative and general expenses | 7 | (153,322) | (144,455) | (49,589) | (48,907) |
| Selling and distribution expenses | 8 | (400,720) | (298,648) | (139,655) | (106,959) |
| Other income | 26 | 62,109 | 41,727 | 13,904 | 14,305 |
| Finance costs | 9 | (63,796) | (62,661) | (19,463) | (20,113) |
| Finance income | 9 | 11,318 | 16,181 | 1,271 | 7,685 |
| Loss on net monetary position | 25 | (1,999) | (2,122) | (940) | (2,122) |
| Share of profit in equity accounted investees | 10 | 12,820 | 11,478 | 5,115 | 4,408 |
| Profit before impairment losses | | 248,010 | 67,007 | 72,213 | 42,785 |
| Impairment loss on trade receivables and due from related parties | 7(i) | (15,517) | (18,121) | (5,113) | (6,032) |
| Profit before tax | | 232,493 | 48,886 | 67,100 | 36,753 |
| Tax expense | | (11,492) | (4,388) | (3,654) | (2,750) |
| Profit for the period | | 221,001 | 44,498 | 63,446 | 34,003 |
| <i>Profit/(loss) attributable to:</i> | | | | | |
| Owners of the Company | | 201,267 | 47,177 | 52,776 | 33,073 |
| Non-controlling interests | | 19,734 | (2,679) | 10,670 | 930 |
| Profit for the period | | 221,001 | 44,498 | 63,446 | 34,003 |
| Earnings per share | | | | | |
| - basic and diluted (AED) | 11 | 0.20 | 0.05 | 0.05 | 0.03 |

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

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Condensed consolidated statement of profit or loss and other comprehensive income (unaudited)

for the nine months and three months period ended 30 September 2021

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|--|--|-----------------|---|-----------------|
| | 2021 AED'000 | 2020 AED'000 | 2021 AED'000 | 2020 AED'000 |
| Profit for the period | 221,001 | 44,498 | 63,446 | 34,003 |
| Other comprehensive income/(loss) | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Foreign exchange differences on translation of foreign operations | (12,378) | (30,632) | (8,564) | (15,837) |
| Cash flow hedges – effective portion of changes in fair value gain/(loss) on hedging instruments | 17,467 | (29,827) | 3,432 | 9,405 |
| Effects of application of hyperinflation accounting (Note 25) | 6,298 | 29,851 | 3,118 | 29,851 |
| Total comprehensive income for the period | 232,388 | 13,890 | 61,432 | 57,422 |
| <i>Total comprehensive income/(loss) attributable to:</i> | | | | |
| Owners of the Company | 214,336 | 16,799 | 51,550 | 55,745 |
| Non-controlling interests | 18,052 | (2,909) | 9,882 | 1,677 |
| Total comprehensive income for the period | 232,388 | 13,890 | 61,432 | 57,422 |

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


R.A.K. Ceramics P.J.S.C. and its subsidiaries

Condensed consolidated statement of financial position

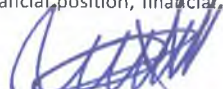
as at 30 September 2021

| | Notes | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|---------|--|---|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 1,087,178 | 1,152,280 |
| Goodwill | 13 | 120,475 | 120,561 |
| Right-of-use assets | | 77,091 | 77,349 |
| Intangible assets | | 21,997 | 27,402 |
| Investment properties | 14 | 919,417 | 926,159 |
| Investments in equity accounted investees | 10 | 62,303 | 50,596 |
| Long-term receivables | 15(i) | 9,011 | 31,125 |
| Derivative financial assets | 18 | 3,910 | 4,793 |
| Deferred tax assets | | 3,752 | 4,066 |
| Total non-current assets | | 2,305,134 | 2,394,331 |
| Current assets | | | |
| Inventories | 16 | 1,071,995 | 1,075,898 |
| Trade and other receivables | 15 | 1,173,439 | 1,133,900 |
| Due from related parties | 17 | 36,946 | 29,895 |
| Derivative financial assets | 18 | 2,691 | - |
| Bank deposits with an original maturity of more than three months | 19 | 162,213 | 143,671 |
| Cash and cash equivalents | 19 | 399,296 | 469,793 |
| Total current assets | | 2,846,580 | 2,853,157 |
| Total assets | | 5,151,714 | 5,247,488 |
| Equity and liabilities | | | |
| Capital and reserves | | | |
| Share capital | 20 | 993,703 | 993,703 |
| Reserves | | 1,287,252 | 1,149,294 |
| Equity attributable to owners of the Company | | 2,280,955 | 2,142,997 |
| Non-controlling interests | | 214,769 | 206,902 |
| Total equity | | 2,495,724 | 2,349,899 |
| Non-current liabilities | | | |
| Islamic bank financing | 21a(ii) | 326,637 | 415,709 |
| Interest bearing bank financing | 21b(ii) | 437,076 | 353,081 |
| Provision for employees' end of service benefits | | 83,458 | 78,123 |
| Lease liabilities | | 52,867 | 58,913 |
| Derivative financial liabilities | 18 | 5,746 | 16,118 |
| Deferred tax liabilities | | 8,969 | 10,697 |
| Total non-current liabilities | | 914,753 | 932,641 |
| Current liabilities | | | |
| Islamic bank financing | 21a(i) | 225,947 | 402,482 |
| Interest bearing bank financing | 21b(i) | 550,503 | 671,350 |
| Trade and other payables | 22 | 717,697 | 633,877 |
| Due to related parties | 17 | 26,021 | 35,836 |
| Derivative financial liabilities | 18 | 10,601 | 22,720 |
| Lease liabilities | | 26,692 | 22,737 |
| Provision for taxation | | 183,776 | 175,946 |
| Total current liabilities | | 1,741,237 | 1,964,948 |
| Total liabilities | | 2,655,990 | 2,897,589 |
| Total equity and liabilities | | 5,151,714 | 5,247,488 |

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial information presents fairly in all material respects the consolidated financial position, financial performance and cash flows of the Group.

DocuSigned by:

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 Chairman

11 NOV 2021


 Chief Executive Officer

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

R.A.K. Ceramics P.J.S.C. and its subsidiaries
Condensed consolidated statement of cash flows (unaudited)
for the nine months period ended 30 September 2021

| | Nine months period ended 30 September | |
|---|--|----------|
| | 2021 | 2020 |
| | AED'000 | AED'000 |
| Operating activities | | |
| Profit for the period before tax | 232,493 | 48,886 |
| <i>Adjustments for:</i> | | |
| Share of profit in equity accounted investees | (12,820) | (11,478) |
| Interest expense | 34,711 | 38,235 |
| Profit expense on Islamic bank financing | 9,161 | 15,562 |
| Interest income | (4,252) | (5,526) |
| Profit on wakala deposits | (234) | (220) |
| Interest expense on lease liabilities | 3,595 | 4,164 |
| Net change in fair value of derivative financial instruments | (6,832) | 2,574 |
| Loss on disposal of property, plant and equipment | 1,055 | 849 |
| Gain on acquisition of shares in equity accounted investee | - | (103) |
| Gain on disposal of assets classified as held for sale | (50,118) | - |
| Loss on de-recognition of excess lease rent recognized in earlier years | 27,184 | - |
| Depreciation of property, plant and equipment | 94,130 | 105,228 |
| Depreciation of investment properties | 7,764 | 8,699 |
| Amortisation of intangible assets | 5,645 | 5,042 |
| Depreciation of right-of-use assets | 18,045 | 19,248 |
| Provision for employees' end-of-service benefits | 13,877 | 7,661 |
| Loss on net monetary position | 1,999 | 2,122 |
| Allowance for slow moving and obsolete inventories | 25,548 | 23,845 |
| Write-down of cost of finished goods | 14,391 | 22,332 |
| Impairment loss on trade receivables | 18,205 | 18,003 |
| (Reversal of) impairment loss on due from related parties | (2,688) | 118 |
| | 430,859 | 305,241 |
| Changes in: | | |
| - inventories | (36,036) | 18,318 |
| - trade and other receivables (including long-term portion) | (57,247) | 8,483 |
| - due from related parties | (4,363) | 15,735 |
| - trade and other payables | 77,563 | (32,735) |
| - due to related parties | (3,558) | (2,025) |
| Income tax paid | (10,643) | (8,752) |
| Employees' end-of-service benefits paid | (8,400) | (11,728) |
| Currency translation adjustments | 557 | (4,121) |
| Net cash generated from operating activities | 388,732 | 288,416 |

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

R.A.K. Ceramics P.J.S.C. and its subsidiaries

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

for the nine months period ended 30 September 2021

| | Nine months period ended 30 September | |
|---|--|------------------|
| | 2021 AED'000 | 2020 AED'000 |
| Investing activities | | |
| Additions to property, plant and equipment | (58,839) | (71,738) |
| Proceeds from disposal of property, plant and equipment | 1,506 | 588 |
| Additions to intangible assets | (366) | (3,636) |
| Additions to investment properties | - | (38) |
| Dividend received from equity accounted investees | 313 | 233 |
| Interest received | 4,252 | 5,526 |
| Profit received on Wakala deposits | 234 | 220 |
| Acquisition of shares in equity accounted investee | - | (604) |
| Proceeds from disposal of assets held for sale | 69,648 | - |
| (Deposits made)/proceeds on maturity of bank deposits with an original maturity of more than three months | (18,542) | 12 |
| Net cash generated used in investing activities | (1,794) | (69,437) |
| Financing activities | | |
| Bank financing availed | 284,249 | 8,221 |
| Bank financing repaid | (201,413) | (156,882) |
| Islamic bank financing availed | - | 51,272 |
| Islamic bank financing repaid | (126,292) | (126,215) |
| Repayment of lease liabilities | (24,541) | (31,556) |
| Short-term bank financing availed | 522,974 | 581,612 |
| Short-term bank financing repaid | (585,777) | (422,616) |
| Short-term Islamic bank financing availed | 201,233 | 579,763 |
| Short-term Islamic bank financing repaid | (340,548) | (387,617) |
| Interest paid | (34,711) | (38,235) |
| Profit paid on Islamic bank financing | (9,161) | (15,562) |
| Remuneration paid to Board of Directors | (1,850) | (3,700) |
| Dividend paid | (74,528) | (141,958) |
| Dividend paid to non-controlling interests | (10,185) | (35,283) |
| Net cash used in financing activities | (400,550) | (138,756) |
| Net (decrease)/increase in cash and cash equivalents | (13,612) | 80,223 |
| Cash and cash equivalents at the beginning of the period | 366,078 | 172,295 |
| Net cash and cash equivalents at the end of the period | 352,466 | 252,518 |
| Represented by: | | |
| Cash and cash equivalents | 399,296 | 357,087 |
| Bank overdraft | (46,830) | (104,569) |
| | 352,466 | 252,518 |

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

R.A.K. Ceramics P.J.S.C. and its subsidiaries
Condensed consolidated statement of changes in equity (unaudited)
for the nine months period ended 30 September 2021

| | 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 reserve | Capital reserve | 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 1 January 2021 | 993,703 | 221,667 | 568,020 | (116,913) | (175,012) | (33,814) | 82,805 | 75,040 | 527,501 | 1,149,294 | 2,142,997 | 206,902 | 2,349,899 |
| Total comprehensive income/(loss) for the period (unaudited) | | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | 201,267 | 201,267 | 201,267 | 19,734 | 221,001 |
| Other comprehensive income/(loss) | | | | | | | | | | | | | |
| Foreign exchange differences on translation of foreign operations | - | - | - | (8,301) | (2,395) | - | - | - | - | (10,696) | (10,696) | (1,682) | (12,378) |
| Changes in cash flow hedges | - | - | - | - | - | 17,467 | - | - | - | 17,467 | 17,467 | - | 17,467 |
| Effects of application of IAS 29 (refer Note 25) | - | - | - | - | 6,298 | - | - | - | - | 6,298 | 6,298 | - | 6,298 |
| Total comprehensive income/(loss) for the period | - | - | - | (8,301) | 3,903 | 17,467 | - | - | 201,267 | 214,336 | 214,336 | 18,052 | 232,388 |
| Other equity movements (unaudited) | | | | | | | | | | | | | |
| Directors' annual remuneration (refer Note 23(ii)) | - | - | - | - | - | - | - | - | (1,850) | (1,850) | (1,850) | - | (1,850) |
| Transaction with owners (unaudited) | | | | | | | | | | | | | |
| Dividend paid (refer Note 23(i)) | - | - | - | - | - | - | - | - | (74,528) | (74,528) | (74,528) | - | (74,528) |
| Dividend paid to NCI | - | - | - | - | - | - | - | - | - | - | - | (10,185) | (10,185) |
| Balance at 30 September 2021 (unaudited) | 993,703 | 221,667 | 568,020 | (125,214) | (171,109) | (16,347) | 82,805 | 75,040 | 652,390 | 1,287,252 | 2,280,955 | 214,769 | 2,495,724 |

* 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 the financial statements at the corresponding inflation index 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 P.J.S.C. and its subsidiaries

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

for the nine months period ended 30 September 2021

| | 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 reserve | Capital reserve | Retained earnings | Total reserves | | | |
| | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | AED'000 | Total AED'000 | AED'000 | AED'000 |
| Balance at 1 January 2020 | 946,384 | 221,667 | 567,053 | (120,389) | (183,848) | (14,344) | 82,805 | 75,040 | 851,949 | 1,479,933 | 2,426,317 | 238,255 | 2,664,572 |
| Total comprehensive income/(loss) for the period (unaudited) | | | | | | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | - | - | - | - | 47,177 | 47,177 | 47,177 | (2,679) | 44,498 |
| Other comprehensive income/(loss) | | | | | | | | | | | | | |
| Foreign exchange differences on translation of foreign operations | - | - | - | (2,782) | (27,620) | - | - | - | - | (30,402) | (30,402) | (230) | (30,632) |
| Changes in cash flow hedges | - | - | - | - | - | (29,827) | - | - | - | (29,827) | (29,827) | - | (29,827) |
| Effects of application of IAS 29 (refer note 25) | - | - | - | - | 29,851 | - | - | - | - | 29,851 | 29,851 | - | 29,851 |
| Total comprehensive income/(loss) for the period | - | - | - | (2,782) | 2,231 | (29,827) | - | - | 47,177 | 16,799 | 16,799 | (2,909) | 13,890 |
| Other equity movements (unaudited) | | | | | | | | | | | | | |
| Directors' annual remuneration (refer Note 23(ii)) | - | - | - | - | - | - | - | - | (3,700) | (3,700) | (3,700) | - | (3,700) |
| Transaction with owners (unaudited) | | | | | | | | | | | | | |
| Dividend paid (refer Note 23(i)) | - | - | - | - | - | - | - | - | (141,958) | (141,958) | (141,958) | - | (141,958) |
| Bonus shares issued (refer Note 23(i)) | 47,319 | - | - | - | - | - | - | - | (47,319) | (47,319) | - | - | - |
| Dividend paid to NCI | - | - | - | - | - | - | - | - | - | - | - | (35,283) | (35,283) |
| Balance at 30 September 2020 (unaudited) | 993,703 | 221,667 | 567,053 | (123,171) | (181,617) | (44,171) | 82,805 | 75,040 | 706,149 | 1,303,755 | 2,297,458 | 200,063 | 2,497,521 |

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

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information

for the nine months period ended 30 September 2021

1. General information

R.A.K. Ceramics P.J.S.C. ("the Company" or "the Holding Company") was incorporated under Emiri Decree No. 6/89 dated 26 March 1989 as a limited liability company in the Emirate of Ras Al Khaimah, UAE. Subsequently, under Emiri Decree No. 9/91 dated 6 July 1991, the legal status of the Company was changed to Public Shareholding Company. The registered address of the Company is P.O. Box 4714, Al Jazeera Al Hamra City, Ras Al Khaimah, United Arab Emirates. The Company is listed on Abu Dhabi Securities Exchange, UAE.

The condensed consolidated interim financial information as at and for the nine months period ended 30 September 2021 comprises the financial information of the Company and its subsidiaries (collectively referred to as "Group" and individually as "Group entities") and the Group's interest in equity accounted investees.

The principal activities of the Group are manufacturing and sale of a variety of ceramic products including tiles, bathroom sets, sanitary wares and table wares. The Company and certain Group entities are 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")

The accounting policies 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 2020, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

2.1 New and revised IFRSs adopted by the Group

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2021. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to 'Interest Rate Benchmark Reform — Phase 2', that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

The Group is exposed to the USD LIBOR (1-month & 3-month settings) and GBP LIBOR (3-month settings) [collectively 'IBORs'] interest rate benchmarks within its hedge accounting relationships, which are subject to interest rate benchmark reform. The Group has been closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The regulators have made clear that all LIBOR settings for all currencies will either cease or no longer be representative immediately after the following dates:

- 31 December 2021, for GBP, Euro, Swiss Franc and Japanese Yen LIBOR settings in all tenors, and US Dollar LIBOR 1-week and 2-month settings; and
- 30 June 2023, for US Dollar Overnight, 1-month, 3-month, 6-month and 12-month settings.

None of the Group's USD LIBOR or GBP LIBOR legacy contracts include adequate and robust fallback clauses for a cessation of the referenced benchmark interest rate. Different working groups in the industry are working on fallback language for different instruments and different IBORs, which the Group is monitoring closely and it will look to implement these when appropriate.

For the Group's derivatives, the International Swaps and Derivatives Association's (ISDA) fall-back clauses were made available at the end of 2020 and the Group is in the process of implementing this language into its ISDA agreements.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

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

2.1 New and revised IFRSs adopted by the Group (continued)

For the Group’s floating rate debt, the Group has started discussions with Banks to change benchmark reference rates and aims to finalize these amendments for GBP contracts during the course of the year and for USD contracts in 2022.

The Group will continue to apply the amendments to IFRS 9 until the end of the uncertainty arising from the interest rate benchmark reforms to which the Group is exposed with respect to the timing and the amount of the underlying cash flows. The Group has assumed that this uncertainty will not end until the Group’s contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the cash flows of the alternative benchmark rate are determined including any fixed spread adjustment. This will, in part, be dependent on the introduction of fallback clauses which have yet to be added to the Group’s contracts and negotiations with lenders.

Below are details of the hedging instruments and the related hedged items that have been or will be subject to transition to alternative benchmark rates, by hedge type. The terms including the maturity and nominal amount of the hedged items listed below match with those of the corresponding hedging instruments.

| Instrument type | Maturing in | Nominal amount in original currency (million) | Nominal amount in AED (million) | Hedged item | Transition progress |
|--|-------------|---|---------------------------------|-----------------------|---------------------|
| Cash flow hedges | | | | | |
| Receive 1-month USD LIBOR, pay US dollar fixed interest rates swap | 2026-27 | USD 62.68 | 230.25 | Bank borrowing in USD | Expected in 2022. |
| Receive 3-month USD LIBOR, pay US dollar fixed interest rates swap | 2022-29 | USD 111.03 | 407.85 | Bank borrowing in USD | Expected in 2022. |
| Receive 3-month GBP LIBOR, pay US dollar fixed interest rates swap | 2025 | GBP 19.36 | 95.81 | Bank borrowing in GBP | Expected in 2021. |
| Fair value hedges | | | | | |
| Receive 3-month USD LIBOR, pay EUR fixed interest rates swap | 2022 | USD 4.40 | 16.16 | Bank borrowing in USD | Expected in 2022. |
| Total | | | 750.07 | | |

In the case of derivatives, transition is expected following International Swaps and Derivatives Association protocols.

- Amendments to IFRS 16 to extend the exemption from assessing whether a COVID-19 related rent concession is a lease modification.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on 1 January 2021.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

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

2.2 New and revised IFRS standards and interpretations but not yet effective

Management do not expect that the adoption of the below standards will have material impact on the condensed consolidated interim financial information.

- IFRS 17 ‘Insurance Contracts’ relating to providing a more uniform measurement and presentation approach for all insurance contracts (effective for annual periods beginning after 1 January 2023).
- 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 (effective date deferred indefinitely, early adoption permitted).
- IAS 1 ‘Presentation of Financial Statements’ – Amendments on Classifications. Effective for annual period beginning on or after 1 January 2023.
- Amendments relating to IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022).
- IFRS 4 relating to amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now 1 January 2023.
- Amendments to IFRS 9 that clarifies that for the purpose of performing the “10 per cent test’ for derecognition of financial liabilities in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The amendments are effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
- Amendments regarding Disclosure of Accounting policies (IAS 1 and IFRS practice statement 2), amendments regarding Definition of Accounting estimates IAS 8 and amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2023).

3 Summary of significant accounting policies

Basis of preparation

The 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. Dirhams (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.

The 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 the condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2020.

The condensed consolidated interim financial information does not include all the information required for 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 2020. In addition, results for the nine months period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

COVID-19 impact

With the rapid development of the COVID-19 outbreak, the world economy entered an unprecedented public health crisis which has caused considerable global disruption in business activities and everyday life. Many countries adopted extraordinary containment measures with complete or partial lock-downs including restrictions on day to day activities. The Group was proactive in implementing a raft of measures designed to mitigate the impact of Covid-19 and to fully implement governmental regulations and recommendations to ensure the safety and security of staff and provide, to the extent possible, uninterrupted service to its customers.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

3 Summary of significant accounting policies (continued)

COVID-19 impact (continued)

The Group continues to monitor closely the situation through its crisis management processes and a COVID 19 Command Center, with representation of heads of all departments, and take timely decisions as appropriate.

Management has considered the unique circumstances of the global pandemic that could have a material impact on the business operations, assets and liabilities of the Group and has concluded that the main impact on the Group's profitability/ liquidity position could arise from the following possible risks:

- interruption of production,
- supply chain disruptions,
- unavailability of personnel,
- reduction in sales due to closure of projects sites,
- increase in expected credit losses from trade receivables, and
- impairment of non-financial assets (including goodwill).

Management remains wholly satisfied that it is appropriate for the condensed consolidated interim financial information to be prepared on a going concern basis. In some cases, in particular in relation to the carrying values of non-financial assets, which normally require considerable judgement, it is challenging to reliably assess the possible impact of the crisis and whether any potential changes in certain key assumptions are temporary. Management will continue to monitor and evaluate these matters at each reporting date and take appropriate actions.

In relation to the nine months period ended 30 September 2021, management has concluded that at the date of the approval of the condensed consolidated interim financial information there is no significant impact on the Group's financial position or performance, except for its tableware division where the relevant market recovery is gradual and may take some more time. There were partial lock-downs in India and Bangladesh during the period, when the production lines needed to be shut-down intermittently. However, this did not have a significant impact.

In relation to the nine months period ended 30 September 2020, the construction industry in the UAE continued to operate and the Group's production lines in the UAE were running throughout the period as they were not subject to many of the restrictions. During that period the shutdown of production in India and Bangladesh only started in the last week of the March 2020 following government regulation and it had resumed by the first week of June 2020. Accordingly, management considered the potential impact of the crisis on the Group's condensed consolidated statement of financial position at 30 September 2020.

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 audited annual consolidated financial statements for the year ended 31 December 2020.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

5. Revenue

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|---------------|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Sale of goods | 2,102,444 | 1,618,525 | 682,352 | 624,031 |
| Others | 5,860 | 11,243 | 2,411 | 1,666 |
| | 2,108,304 | 1,629,768 | 684,763 | 625,697 |

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

6. Cost of sales

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|--|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Raw materials consumed | 597,420 | 469,027 | 194,115 | 170,301 |
| Change in inventory of finished goods | 50,873 | 64,137 | 2,391 | 54,225 |
| Allowance for slow moving inventories | 25,548 | 23,845 | 4,635 | 11,485 |
| Direct labor | 154,423 | 139,909 | 52,356 | 47,367 |
| Power and fuel | 98,270 | 82,340 | 32,504 | 30,795 |
| LPG and natural gas | 135,888 | 108,746 | 45,283 | 35,511 |
| Depreciation of property, plant and equipment | 78,929 | 83,277 | 25,462 | 27,967 |
| Depreciation of right-of-use assets | 38 | 89 | 13 | 2 |
| Repairs and maintenance expense | 76,339 | 59,832 | 26,857 | 22,419 |
| Packing material expenses | 79,050 | 60,159 | 27,584 | 23,190 |
| Others | 29,926 | 32,900 | 11,993 | 7,947 |
| | 1,326,704 | 1,124,261 | 423,193 | 431,209 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

7. Administrative and general expenses

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|--|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Staff salaries and other associated costs | 69,643 | 62,160 | 22,007 | 19,582 |
| Depreciation of property, plant and equipment | 9,224 | 16,393 | 3,001 | 8,254 |
| Depreciation of investment properties | 7,764 | 8,699 | 2,656 | 3,236 |
| Depreciation of right-of-use assets | 554 | 1,309 | 197 | 371 |
| Amortization of intangible assets | 5,645 | 5,042 | 1,904 | 1,588 |
| Telephone, postal and office supplies | 3,663 | 3,128 | 1,131 | 935 |
| Repairs and maintenance expenses | 3,901 | 3,382 | 1,416 | 1,295 |
| Legal and professional fees | 8,755 | 9,569 | 2,345 | 2,054 |
| Utility expenses | 3,633 | 3,145 | 1,585 | 1,269 |
| Security charges | 1,810 | 1,882 | 566 | 862 |
| Information technology licenses and consultancy expenses | 7,973 | 7,271 | 1,685 | 2,673 |
| Expenses on investment properties | 7,147 | 6,984 | 3,448 | 2,848 |
| Others | 23,610 | 15,491 | 7,648 | 3,940 |
| | 153,322 | 144,455 | 49,589 | 48,907 |

7(i) Impairment loss on trade receivables and due from related parties

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|---|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Impairment loss on trade receivables | 18,205 | 18,003 | 5,110 | 5,998 |
| (Reversal of) impairment loss on due from related parties | (2,688) | 118 | 3 | 34 |
| | 15,517 | 18,121 | 5,113 | 6,032 |

8. Selling and distribution expenses

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|---|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Staff salaries and other associated costs | 99,996 | 88,584 | 34,773 | 27,858 |
| Freight and transportation | 208,016 | 120,617 | 72,251 | 54,243 |
| Agents' commission | 25,913 | 20,548 | 10,132 | 7,002 |
| Advertisement and promotions expense | 24,800 | 29,127 | 7,873 | 5,401 |
| Rental expenses | 2,470 | 2,080 | 702 | 216 |
| Travel and entertainment expenses | 1,394 | 1,763 | 694 | 211 |
| Depreciation of property, plant and equipment | 5,977 | 5,558 | 1,992 | 1,896 |
| Depreciation of right-of-use assets | 17,453 | 17,850 | 5,875 | 5,665 |
| Others | 14,701 | 12,521 | 5,363 | 4,467 |
| | 400,720 | 298,648 | 139,655 | 106,959 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

9. Finance costs and income

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|---|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Finance costs | | | | |
| Interest on bank financing | 34,674 | 38,233 | 11,136 | 13,483 |
| Profit expense on Islamic bank financing | 9,161 | 15,562 | 2,644 | 4,687 |
| Interest on amount due to related parties | 37 | 2 | 11 | 2 |
| Interest expense on lease liabilities | 3,595 | 4,164 | 1,207 | 1,356 |
| Net change in the fair value of derivatives | - | 2,574 | 1,620 | - |
| Bank charges | 2,941 | 2,126 | 1,288 | 585 |
| Net foreign exchange loss | 13,388 | - | 1,557 | - |
| Total (A) | 63,796 | 62,661 | 19,463 | 20,113 |
| Finance income | | | | |
| Interest on bank deposits | 4,252 | 5,526 | 1,104 | 1,662 |
| Profit on wakala deposits | 234 | 220 | 167 | 60 |
| Net change in the fair value of derivatives | 6,832 | - | - | 5,877 |
| Net foreign exchange gain | - | 10,435 | - | 86 |
| Total (B) | 11,318 | 16,181 | 1,271 | 7,685 |
| Net finance costs (A-B) | 52,478 | 46,480 | 18,192 | 12,428 |

10. Investments in equity accounted investees

The Group's share of profit in equity accounted investees for the nine months period ended 30 September 2021 amounted to AED 12.82 million (unaudited) (nine months period ended 30 September 2020 (unaudited): AED 11.48 million).

The Group has received AED 0.31 million (unaudited) as dividends during the current period from its equity accounted investee (nine months period ended 30 September 2020 (unaudited): AED 0.23 million).

In April 2020, the Group acquired a 25% equity interest in Naranjee Hirjee Hotel Supplies LLC (Oman), at a total consideration of AED 0.60 million resulting in a gain on acquisition amounting to AED 0.10 million.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

11. Earnings per share

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|--|--|---------------------|---|---------------------|
| | 2021 (unaudited) | 2020 (unaudited) | 2021 (unaudited) | 2020 (unaudited) |
| Profit attributable to the owners of the Company (AED'000) | 201,267 | 47,177 | 52,776 | 33,073 |
| Weighted average number of ordinary shares ('000s) | 993,703 | 993,703 | 993,703 | 993,703 |
| Basic and diluted earnings per share (AED) | 0.20 | 0.05 | 0.05 | 0.03 |

There was no dilution effect on the basic earnings per share as the Company does not have any such outstanding share commitments as at the reporting date.

12. Property, plant and equipment

Additions, disposals and depreciation (unaudited)

During the nine months period ended 30 September 2021, the Group acquired property, plant and equipment and made additions to capital work in progress amounting to AED 58.84 million (nine months period ended 30 September 2020: AED 71.74 million).

Property, plant and equipment with a carrying amount of AED 2.56 million was disposed of during the current period (nine months period ended 30 September 2020: AED 1.44 million) resulting in a loss on disposal of AED 1.06 million (loss on disposal, nine months period ended 30 September 2020: AED 0.85 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 94.13 million (nine months period ended 30 September 2020: AED 105.23 million). Below is the breakdown of property, plant and equipment inside and outside the U.A.E:

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---------------|--|---|
| Inside U.A.E | 721,664 | 737,309 |
| Outside U.A.E | 365,514 | 414,971 |
| | 1,087,178 | 1,152,280 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

13. Goodwill

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---------------------------------------|--|---|
| Opening balance | 120,561 | 120,378 |
| Effects of movements in exchange rate | (86) | 183 |
| Closing balance | 120,475 | 120,561 |

Goodwill comprises AED 50.4 million, AED 5.5 million, AED 6.1 million, and AED 58.5 million recognized on acquisition, respectively of Ceramin FZ LLC, RAK Ceramics UK Limited, RAK Distribution Europe S.A.R.L, and the entities in Saudi Arabia namely ARK International Trading Company Limited (AED 27.0 million), and RAK Saudi LLC (AED 31.5 million).

During the current period, Management has performed an analysis of the sensitivity of the impairment test to changes in key assumptions used to determine the recoverable amount of each cash generating unit to which goodwill is allocated and concluded that no indicators of impairment have been identified.

14. Investment properties

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---------------|--|---|
| Inside U.A.E | 877,517 | 884,408 |
| Outside U.A.E | 41,900 | 41,751 |
| | 919,417 | 926,159 |

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

The fair value of the Group's investment properties as at 31 December 2020 (audited) amounted to AED 1,049.96 million and was arrived at on the basis of valuations carried out by external valuers who had appropriate market experience in the valuation of properties. Management estimates that the changes in the fair value of investment properties, if any, would not result in an impairment of the carrying amount as at 30 September 2021.

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 September 2021 (31 December 2020: Level 3).

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

15. Trade and other receivables

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Trade receivables | 1,021,028 | 1,029,676 |
| Less: Allowance for expected credit loss | (228,555) | (226,655) |
| Subtotal (A) | 792,473 | 803,021 |
| Other receivables | 154,018 | 123,833 |
| Less: Allowance for expected credit loss | (8,866) | (8,866) |
| Subtotal (B) | 145,152 | 114,967 |
| Advances and prepayments (C) | 198,095 | 186,427 |
| Deposits (D) | 37,719 | 29,485 |
| Total (A+B+C+D) | 1,173,439 | 1,133,900 |

(i) Long-term receivables

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Trade receivables | 3,417 | 3,805 |
| Less: Allowance for expected credit loss | (295) | (452) |
| | 3,122 | 3,353 |
| Less : current portion included in trade receivables | (544) | (583) |
| Long-term trade receivables (A) | 2,578 | 2,770 |
| Other receivables | 108,114 | 107,995 |
| Less : Allowance for expected credit loss | (26,375) | (26,375) |
| | 81,739 | 81,620 |
| Less: current portion included in other receivables | (75,306) | (53,265) |
| Long-term other receivables (B) | 6,433 | 28,355 |
| Long-term receivables (A+B) | 9,011 | 31,125 |

Other receivables include net current & non-current receivables of AED 89.1 million due from a Sudanese Group. These receivables are partially secured by post-dated cheques. Considering the uncertain evolving political situation in Sudan, there might be negative implications on these receivables including delays in recovery. The Group's management is closely monitoring the situation and will consider any write down to the carrying value of these receivables, if required, at 31 December 2021.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

16. Inventories

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Finished goods (net of net realizable value adjustments) | 837,189 | 882,886 |
| Less : Allowance for slow moving inventories | (133,771) | (124,139) |
| Subtotal (A) | 703,418 | 758,747 |
| Raw materials | 199,992 | 174,640 |
| Stores and spares | 191,763 | 192,847 |
| | 391,755 | 367,487 |
| Less : Allowance for slow-moving inventories | (71,910) | (88,033) |
| Subtotal (B) | 319,845 | 279,454 |
| Goods-in-transit (C) | 26,503 | 20,416 |
| Work-in-progress (D) | 22,229 | 17,281 |
| Total (A+B+C+D) | 1,071,995 | 1,075,898 |

At 30 September 2021, the Group has recognized a cumulative loss due to write-down of finished goods inventories of AED 165.44 million against cost of AED 418.79 million (31 December 2020 (audited): AED 151.30 million against cost of AED 366.80 million) to bring it to its net realizable value which was lower than the cost. The difference in the write down of AED 14.39 million (unaudited) (nine months period ended 30 September 2020 (unaudited): AED 22.33 million) is included in cost of sales in the condensed consolidated statement of profit or loss with a currency loss of AED 0.25 million for the period (nine months period ended 30 September 2020 (unaudited): AED 0.42 million).

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

17. Related party balances and transactions

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 months period ended 30 September | | Three months period ended 30 September | |
|---|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Sale of goods and services and construction contracts | 78,756 | 59,428 | 24,648 | 23,331 |
| Purchase of goods and rendering of services | 194,024 | 164,007 | 56,289 | 54,742 |
| Interest expense (refer note 9) | 37 | 2 | 11 | 2 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

17. Related party balances and transactions (continued)

Key management personnel compensation

The remuneration of Directors and other key management personnel of the Group during the period were as follows:

| | Nine months period ended 30 September | | Three months period ended 30 September | |
|----------------------------------|--|--------------------------------|---|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Short-term benefits | 7,312 | 6,905 | 2,443 | 2,232 |
| Staff terminal benefits | 190 | 186 | 61 | 59 |
| Board of Directors' remuneration | 1,850 | 3,700 | - | - |

Due from related parties

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Equity accounted investees | 43,762 | 43,530 |
| Other related parties | 33,476 | 32,164 |
| | 77,238 | 75,694 |
| Less : Allowance for expected credit loss | (40,292) | (45,799) |
| | 36,946 | 29,895 |

Due to related parties

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|----------------------------|--|---|
| Equity accounted investees | 8,713 | 4,905 |
| Other related parties | 17,308 | 30,931 |
| | 26,021 | 35,836 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

18. 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.

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Non-current | | |
| Derivative financial assets | | |
| Other currency and interest rate swaps | 3,910 | 4,793 |
| | 3,910 | 4,793 |
| Non-current | | |
| Derivative financial liabilities | | |
| Interest rate swaps used for hedging | 5,746 | 16,118 |
| | 5,746 | 16,118 |
| Current | | |
| Derivative financial assets | | |
| Forward exchange contracts | 2,688 | - |
| Other currency and interest rate swaps | 3 | - |
| | 2,691 | - |
| Current | | |
| Derivative financial liabilities | | |
| Interest rate swaps used for hedging | 10,601 | 16,305 |
| Commodity derivative used for hedging | - | 1,391 |
| Forward exchange contracts | - | 5,024 |
| | 10,601 | 22,720 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

19. Bank balances and cash

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| Cash in hand | 2,015 | 1,687 |
| Cash at bank | | |
| - in bank deposits with an original maturity of less than three months | 45,526 | 89,576 |
| - in Wakala deposits with an original maturity of less than three months | - | 45,000 |
| - in current accounts | 324,134 | 313,727 |
| - in margin deposits | 6,061 | 11,409 |
| - in call accounts | 21,743 | 8,577 |
| Cash and cash equivalents | 399,479 | 469,976 |
| Less : Allowance for expected credit loss | (183) | (183) |
| Cash and cash equivalents (A) | 399,296 | 469,793 |
| Bank deposits with an original maturity of more than three months (B) | 162,213 | 143,671 |
| Bank balances and cash (A+B) | 561,509 | 613,464 |

Cash in hand and cash at bank includes AED 0.61 million (31 December 2020 (audited): AED 0.63 million) and AED 202.91 million (31 December 2020 (audited): AED 145.67 million) respectively, held outside the UAE.

All bank deposits carry interest at normal commercial rates and include AED 0.71 million (31 December 2020 (audited): AED 1.63 million) which are held by bank under lien against bank facilities availed by the Group. Wakala deposits carry profit at rates agreed with Islamic banks and placed with the banks for an original maturity period of less than three months.

Current accounts and margin deposits are non-interest bearing accounts.

20. Share capital

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Authorised, issued and paid up | | |
| 170,000,000 shares of AED 1 each paid up in cash | 170,000 | 170,000 |
| 823,703,958 shares of AED 1 each issued as bonus shares | 823,703 | 823,703 |
| | 993,703 | 993,703 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

21. Bank financing arrangements

(a) Islamic bank financing

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| (i) Short-term | | |
| Mudaraba facilities (A) | 25,000 | 75,000 |
| Commodity Murabaha facilities (B) | 97,738 | 187,053 |
| Current portion of long-term financing (refer note 21 (a) (ii)) | 103,209 | 140,429 |
| | 225,947 | 402,482 |

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--|--|---|
| (ii) Long-term – Islamic bank financing | | |
| Commodity Murabaha facilities (B) | 199,597 | 294,401 |
| Ijarah facilities (C) | 230,249 | 261,737 |
| Less : current portion of long-term financing | (103,209) | (140,429) |
| | 326,637 | 415,709 |

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Movement: | | |
| Balance at beginning of the period/ year | 556,138 | 633,355 |
| Availed during the period/ year | - | 75,000 |
| Repaid during the period/ year | (126,292) | (152,217) |
| Balance at end of the period/ year | 429,846 | 556,138 |
| Less : current portion included in short-term (refer 21 (a)(i)) | (103,209) | (140,429) |
| | 326,637 | 415,709 |

The securities provided against these facilities are the same as those mentioned in the consolidated financial statements of the Group for the year ended 31 December 2020.

- (A) Mudaraba is a mode of Islamic financing where a contract is entered into by two parties whereby one party (Bank) provides funds to the other party (the Group) who then invest in an 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 contract 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.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

21. Bank financing arrangements (continued)

(b) Interest bearing bank financing

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| (i) Short-term | | |
| Bank overdraft | 46,830 | 103,715 |
| Short-term loan | 266,687 | 329,490 |
| Current portion of long-term financing (refer note 21 (b) (ii)) | 236,986 | 238,145 |
| | 550,503 | 671,350 |
| | | |
| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
| (ii) Long-term bank loans | | |
| Balance at beginning of the period/ year | 591,226 | 719,404 |
| Availed during the period/ year | 284,249 | 104,630 |
| Repaid during the period/ year | (201,413) | (232,808) |
| | 674,062 | 591,226 |
| Less : current portion of long-term financing (refer 21 (b)(i)) | (236,986) | (238,145) |
| | 437,076 | 353,081 |

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 2020.

22. Trade and other payables

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|--------------------------------|--|---|
| Trade payables | 341,889 | 283,312 |
| Accrued and other expenses | 204,293 | 175,184 |
| Advance from customers | 58,780 | 53,995 |
| Commission and rebates payable | 65,880 | 65,308 |
| Other payables | 46,855 | 56,078 |
| | 717,697 | 633,877 |

23. Dividend and Directors' fee

- (i) At the Annual General Meeting (AGM) held on 30 March 2021, the shareholders approved a cash dividend of 7.5 % amounting to AED 74,528 thousand (2020: cash dividend of 15% amounting to AED 141,958 thousand and stock dividend of 5% amounting to AED 47,319 thousand).
- (ii) At the Annual General Meeting (AGM) held on 30 March 2021, the shareholders approved the Directors' remuneration amounting to AED 1,850 thousand for the year ended 31 December 2020 (for the year ended 31 December 2019: AED 3,700 thousand).
- (iii) At the General Assembly Meeting held on 04 October 2021, the shareholders approved to distribute a semi-annual cash dividend of 10 fils per share for the first half of the year 2021 (AED 99,370 thousand).

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

24. Contingent liabilities and commitments

| | 30 September 2021 AED'000 (unaudited) | 31 December 2020 AED'000 (audited) |
|---|--|---|
| Contingent liabilities | | |
| Letters of guarantee | 58,832 | 13,752 |
| Letters of credit | 53,032 | 46,521 |
| Value added tax and other tax contingencies | 97,746 | 94,136 |
| Commitments | | |
| Capital commitments | 28,951 | 20,266 |

25. Hyperinflationary economy

The Group has a subsidiary in the Islamic Republic of Iran, which did not have material operations during the year ended 31 December 2020 or during the nine months period ended 30 September 2021. The total assets of the Iranian subsidiary were 0.56 % of the Group's consolidated total assets as at 30 September 2021.

The hyperinflation impact has been calculated by means of conversion factors derived from the Consumer Price Index (CPI). The conversion factors used to restate the financial statements of the subsidiary are as follows:

| | Index | Conversion factor |
|-------------------|---------------|--------------------------|
| 30 September 2021 | 351.10 | 1.2512 |
| 31 December 2020 | 280.60 | 1.4479 |
| 31 December 2019 | 193.80 | 1.2775 |
| 31 December 2018 | 151.70 | 1.3558 |
| 31 December 2017 | 111.90 | |

The above mentioned restatement is effected as follows:

- Hyperinflation accounting was applied as of 1 January 2020;
- The condensed consolidated statement of profit or loss is adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies), thereby restating the year to date condensed consolidated statement of profit or loss account both for inflation index and currency conversion;
- Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current at the date of the condensed consolidated statement of financial position. Monetary items are money held and items to be recovered or paid in money; and
- Non-monetary assets and liabilities are stated at historical cost (e.g. property plant and equipment, investment properties etc.) and equity of the subsidiary is restated using an inflation index. The hyperinflation impacts resulting from changes in the general purchasing power until 31 December 2020 were reported in Hyperinflation reserve directly as a component of equity and the impacts of changes in the general purchasing power from 1 January 2021 are reported through the condensed consolidated statement of profit or loss in a separate line mentioned as a loss on net monetary position, besides having the impact on depreciation charge for the period.
- The Group has opted not to restate the condensed consolidated statement of profit or loss items published for the first and second quarters of 2020, as permitted by IAS 29, and has recognized the effects of restatement for those two quarters, along with the third quarter effect, in full in the 2020 third quarter's condensed consolidated interim financial information.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

25. Hyperinflationary economy (continued)

The impact of hyperinflationary accounting on the condensed consolidated interim financial information relating to the subsidiary in Iran is as follows:

| | 1 January 2021 AED'000 (unaudited) | 1 January 2020 AED'000 (unaudited) | | |
|--|---|---|--|---|
| <i>Impact on condensed consolidated statement of financial position</i> | | | | |
| Increase in property, plant and equipment | 1,839 | 14,308 | | |
| Increase in investment properties | 2,221 | 10,761 | | |
| Increase in other assets | 2,238 | 4,782 | | |
| Increase in equity | 6,298 | 29,851 | | |
| <i>Allocated to:</i> | | | | |
| Increase in opening equity due to cumulative hyperinflation | 6,298 | 29,851 | | |
| | Nine months period ended 30 September 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) | Three months period ended 30 September 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Impact on condensed consolidated statement of profit or loss | | | | |
| Increase in depreciation charge for the period | 1,118 | 5,010 | 452 | 5,010 |
| Loss on net monetary position | 1,999 | 2,122 | 940 | 2,122 |
| | 3,117 | 7,132 | 1,392 | 7,132 |

26. Other income

Other income for the nine months period includes:

- (i) In March 2021, management entered into agreements to sell the property, plant and equipment including the land use rights of its subsidiary in China and had classified these assets as "Assets held for sale". These assets with a carrying amount of AED 19.53 million have been disposed of during the period ended 30 June 2021 resulting in a gain of AED 50.12 million.
- (ii) During the quarter ended 30 June 2021, the long term operating lease of an investment property leased to a hotel operator was cancelled midway through the lease term. In accordance with the requirements of IFRS, a loss of AED 27.18 million, being the excess of cumulative lease rent recognized as compared to the lease rent due as per the lease agreement, was recognized during the period ended 30 June 2021.

27. Segment reporting

Basis for segmentation

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 broadly three reportable segments as discussed below, which are the Group's strategic business units. The strategic business units operate in different sectors and are managed separately because they require different strategies. The following summary describes the operation in each of the Group's reportable segments:

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

27. Segment reporting (continued)

| | |
|--------------------------|--|
| <i>Ceramics 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, plastics, mines, chemicals, 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.

| | Ceramic products AED'000 | Other industrial AED'000 | Others AED'000 | Elimination AED'000 | Total AED'000 |
|---|--------------------------------|--------------------------------|-------------------|------------------------|------------------|
| Nine months period ended 30 September 2021 (unaudited) | | | | | |
| External revenue | 2,038,953 | 63,491 | 5,860 | - | 2,108,304 |
| Intersegment revenue | 569,521 | 78,416 | 1,244 | (649,181) | - |
| Segment revenue | 2,608,474 | 141,907 | 7,104 | (649,181) | 2,108,304 |
| Segment profit | 255,135 | 16,557 | (27,621) | (23,070) | 221,001 |
| Segment EBITDA | 380,480 | 20,511 | 3,720 | (25,532) | 379,179 |
| As at 30 September 2021 (unaudited) | | | | | |
| Segment assets | 6,942,269 | 195,538 | 277,764 | (2,263,857) | 5,151,714 |
| Segment liabilities | 3,492,181 | 72,275 | 104,278 | (1,012,744) | 2,655,990 |
| Nine months period ended 30 September 2020 (unaudited) | | | | | |
| External revenue | 1,541,567 | 76,958 | 11,243 | - | 1,629,768 |
| Intersegment revenue | 377,558 | 63,387 | 1,277 | (442,222) | - |
| Segment revenue | 1,919,125 | 140,345 | 12,520 | (442,222) | 1,629,768 |
| Segment profit | 74,518 | 15,828 | 4,224 | (50,072) | 44,498 |
| Segment EBITDA | 267,782 | 18,110 | 7,052 | (52,879) | 240,065 |
| As at 31 December 2020 (audited) | | | | | |
| Segment assets | 6,991,837 | 182,139 | 311,576 | (2,238,064) | 5,247,488 |
| Segment liabilities | 3,704,481 | 73,633 | 110,363 | (990,888) | 2,897,589 |

EBITDA is earnings for the period before net interest expense, net profit expense on Islamic financing, income tax expense, depreciation, amortization, gain or loss on sale of assets, loss on de-recognition of excess lease rent recognized in earlier years and impairment loss of investment properties, if any.

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

27. Segment reporting (continued)

Reconciliation of reportable segments

| | Nine months period ended 30 September | |
|---|--|--------------------------------|
| | 2021 AED'000 (unaudited) | 2020 AED'000 (unaudited) |
| Total profit for reportable segments | 231,251 | 83,092 |
| Elimination of inter-segment profits | (23,070) | (50,072) |
| Share of profit of equity accounted investees | 12,820 | 11,478 |
| Reported profit | 221,001 | 44,498 |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

28. Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| 30 September 2021 (unaudited) | -----Carrying value----- | | | | -----Fair value----- | | | | |
|---|---|---|---|--|----------------------|--------------------|--------------------|--------------------|------------------|
| | Fair value hedging instruments AED'000 | Financial assets at FVTPL* AED'000 | Financial assets at amortised cost AED'000 | Financial liabilities at amortised cost AED'000 | Total AED'000 | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
| Financial assets measured at fair value | | | | | | | | | |
| Other currency and interest rate swaps | - | 3,913 | - | - | 3,913 | - | 3,913 | - | 3,913 |
| Forward exchange contracts | - | 2,688 | - | - | 2,688 | - | 2,688 | - | 2,688 |
| | - | 6,601 | - | - | 6,601 | - | 6,601 | - | 6,601 |
| Financial assets measured at amortised cost | | | | | | | | | |
| Long-term receivables | - | - | 9,011 | - | 9,011 | - | - | - | - |
| Trade and other receivables | - | - | 975,344 | - | 975,344 | - | - | - | - |
| Due from related parties | - | - | 36,946 | - | 36,946 | - | - | - | - |
| Bank balances and cash | - | - | 561,509 | - | 561,509 | - | - | - | - |
| | - | - | 1,582,810 | - | 1,582,810 | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | |
| Interest rate swaps used for hedging | 16,347 | - | - | - | 16,347 | - | 16,347 | - | 16,347 |
| | 16,347 | - | - | - | 16,347 | - | 16,347 | - | 16,347 |
| Financial liabilities measured at amortised cost | | | | | | | | | |
| Islamic bank financing | - | - | - | 552,584 | 552,584 | - | - | - | - |
| Interest bearing bank financing | - | - | - | 987,579 | 987,579 | - | - | - | - |
| Trade and other payables | - | - | - | 658,917 | 658,917 | - | - | - | - |
| Due to related parties | - | - | - | 26,021 | 26,021 | - | - | - | - |
| Lease Liabilities | - | - | - | 79,559 | 79,559 | - | - | - | - |
| | - | - | - | 2,304,660 | 2,304,660 | - | - | - | - |

*FVTPL: fair value through profit or loss

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

28. Financial instruments (continued)

Accounting classifications and fair values (continued)

| | -----Carrying value----- | | | | | -----Fair value----- | | | |
|---|---|---|---|--|------------------|----------------------|--------------------|--------------------|------------------|
| | Fair value hedging instruments AED'000 | Financial assets at FVTPL* AED'000 | Financial assets at amortised cost AED'000 | Financial liabilities at amortised cost AED'000 | Total AED'000 | Level 1 AED'000 | Level 2 AED'000 | Level 3 AED'000 | Total AED'000 |
| 31 December 2020 (audited) | | | | | | | | | |
| Financial assets measured at fair value | | | | | | | | | |
| Other currency and interest swaps | - | 4,793 | - | - | 4,793 | - | 4,793 | - | 4,793 |
| | - | 4,793 | - | - | 4,793 | - | 4,793 | - | 4,793 |
| Financial assets measured at amortised cost | | | | | | | | | |
| Long-term receivables | - | - | 31,125 | - | 31,125 | - | - | - | - |
| Trade and other receivables | - | - | 947,473 | - | 947,473 | - | - | - | - |
| Due from related parties | - | - | 29,895 | - | 29,895 | - | - | - | - |
| Bank balances and cash | - | - | 613,464 | - | 613,464 | - | - | - | - |
| | - | - | 1,621,957 | - | 1,621,957 | - | - | - | - |
| Financial liabilities measured at fair value | | | | | | | | | |
| Commodity derivatives used for hedging | 1,391 | - | - | - | 1,391 | - | 1,391 | - | 1,391 |
| Interest rate swaps used for hedging | 32,423 | - | - | - | 32,423 | - | 32,423 | - | 32,423 |
| Forward exchange contracts | - | 5,024 | - | - | 5,024 | - | 5,024 | - | 5,024 |
| | 33,814 | 5,024 | - | - | 38,838 | - | 38,838 | - | 38,838 |
| Financial liabilities measured at amortised cost | | | | | | | | | |
| Islamic bank financing | - | - | - | 818,191 | 818,191 | - | - | - | - |
| Interest bearing bank financing | - | - | - | 1,024,431 | 1,024,431 | - | - | - | - |
| Trade and other payables | - | - | - | 579,882 | 579,882 | - | - | - | - |
| Due to related parties | - | - | - | 35,836 | 35,836 | - | - | - | - |
| Lease liabilities | - | - | - | 81,650 | 81,650 | - | - | - | - |
| | - | - | - | 2,539,990 | 2,539,990 | - | - | - | - |

R.A.K. Ceramics P.J.S.C. and its subsidiaries

Notes to the condensed consolidated interim financial information (continued)

for the nine months period ended 30 September 2021

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 2021 and 2020. The impact of the Covid-19 pandemic is described in Note 3.

30. Approval of the condensed consolidated interim financial information

This condensed consolidated interim financial information was approved by the Board of Directors and authorized for issue on 11 November 2021.