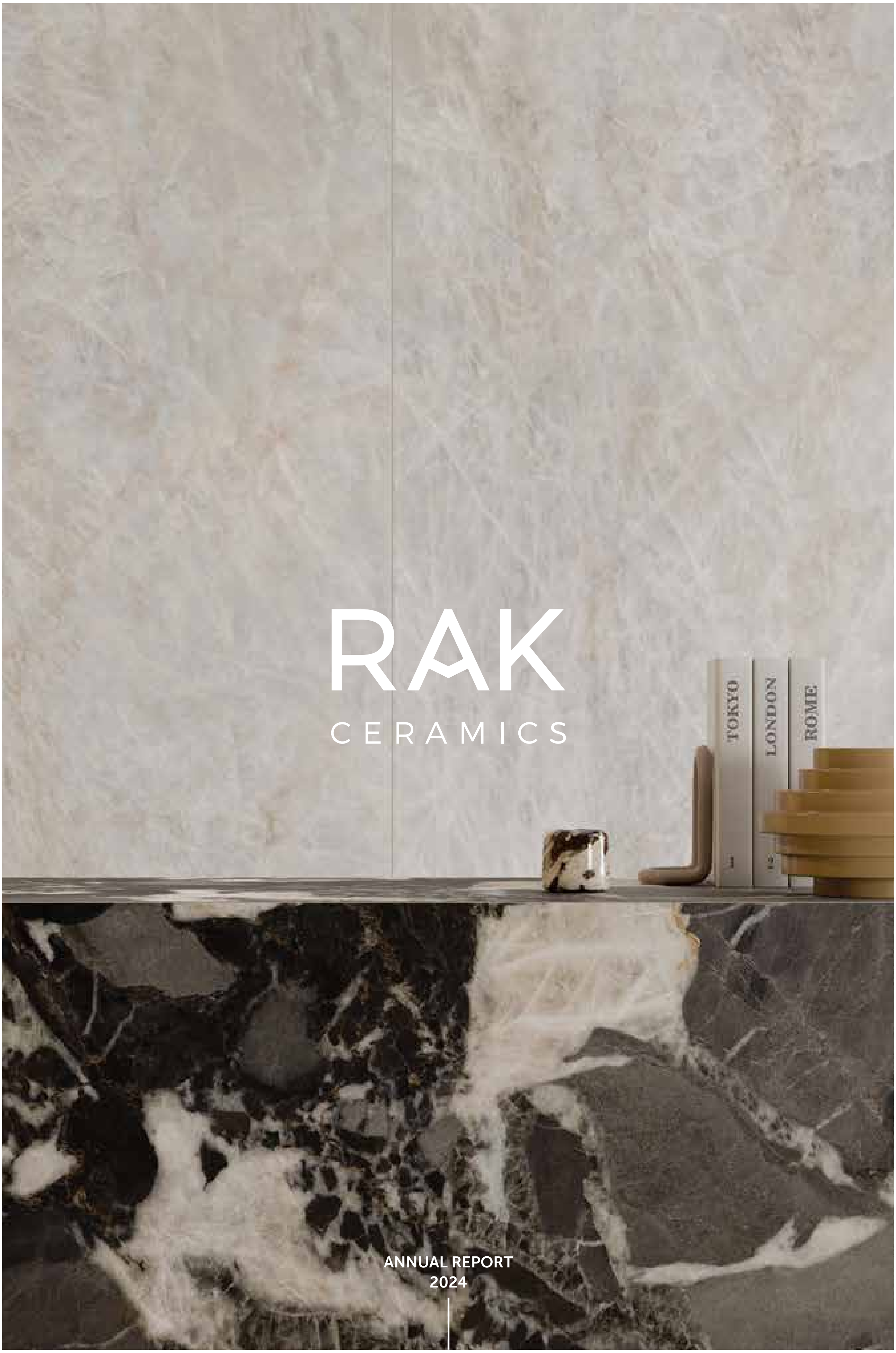
RAK
CERAMICS
TOKYO
LONDON
ROME
ANNUAL REPORT
2024

His Highness Sheikh Mohammed Bin Zayed Al Nahyan
President of the United Arab Emirates (UAE)

His Highness Sheikh Mohammed Bin Rashid Al Maktoum
Vice president and Prime Minister of the United Arab Emirates (UAE) and Ruler of Dubai

His Highness Sheikh Saud Bin Saqr Bin Mohammed Al Qasimi
Supreme Council Member and Ruler of Ras Al Khaimah

His Highness Sheikh Mohammed Bin Saud Al Qasimi
Crown Prince of Ras Al Khaimah


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INTRODUCTION

Chairman's Message

Dear Shareholders

I am pleased to present the performance of RAK Ceramics for fiscal year 2024 - a year marked by resilience, strategic adaptability, and continued investment in innovation and growth, despite global economic uncertainties and geopolitical challenges.

RAK Ceramics has successfully mitigated risks and optimized operational efficiencies enabling us to navigate disruptions while delivering sustainable performance. Our strategic agility allowed us to achieve strong growth in the UAE. Saudi Arabia, India and Bangladesh remain part of our primary group expansionary projects through the synergy integration of the KLUDI brand.

Innovation and sustainability remain at the core of our long-term strategy. We continue to invest in cutting-edge technologies, upgrading our production facilities, and expanding our Tiles and Sanitaryware capabilities to enhance efficiency, reduce energy consumption, and lower carbon emissions.

Our retail expansion is also progressing across key markets, including India, where we opened 5 new showrooms in India, 6 in Bangladesh and in Dubai, we added one more RAK Ceramics lifestyle showroom, and launched a KLUDI showroom on Sheikh Zayed Road. We are also advancing digital transformation and R&D, with innovation hubs in Dubai and London shaping our product development.

Looking ahead to 2025, we remain committed to expanding our market presence, introducing differentiated products, and reinforcing RAK Ceramics' position as a global leader in lifestyle solutions.

I sincerely thank our shareholders, employees, and partners for their continued trust and support. Together, we will seize new opportunities and drive sustainable success.

SHEIKH SAQR BIN SAUD AL QASIMI
Chairman of the Board

> RAK Ceramics has demonstrated remarkable resilience and adaptability throughout the year and continue to be one of the leading global lifestyle solutions provider.

RAK Ceramics continues to prioritize its brand value, operational capabilities and expansionary projects.

Group CEO's Message

Dear Shareholders

It is my pleasure to present the results for fiscal year 2024, highlighting RAK Ceramics' achievements and the challenges we have successfully navigated over the past year.

Throughout 2024, we operated in a complex macroeconomic landscape marked by geopolitical uncertainties, inflationary pressures, currency fluctuations, and supply chain disruptions. Despite these challenges, RAK Ceramics demonstrated resilience, leveraging strategic agility and operational excellence to maintain revenue flow and margin stability.

Our commitment to innovation and technological advancement remains firm, and has kept us ahead of our competitors. We have upgraded our UAE Tiles production facilities, enabling us to manufacture differentiated and large-format tiles. Simultaneously, we have made investments in our UAE Sanitaryware production facilities to enhance efficiencies, reduce carbon emissions, and lower energy consumption - reinforcing our commitment to environmental responsibility.

In Tableware, we have launched our first Retail tableware showroom in Dubai. We are also driving growth in the airline sector by leveraging premium dining trends in the travel industry.

Our expansion initiatives remain on track. In Saudi Arabia, we continue to work towards setting up a production facility, while in Bangladesh, we have successfully opened six extensive showrooms, with five more under construction, including a new display center in Chittagong.

As part of our broader growth strategy, we continue to strengthen our group position through the value creation plan for KLUDI, expanding market reach and enhancing product synergies. Our brand positioning has also been reinforced with key retail developments, including, the launch of a RAK Ceramics showroom in Dubai, built around the lifestyle concept, and we also launched a KLUDI showroom on Sheikh Zayed Road.

As we look forward to 2025, we remain committed to investing in our brand, expanding our retail presence, and strengthening brand awareness through strategic events and engagements - in our key markets. Looking ahead, our strategic priorities center on protecting our market share, optimizing operations, further diversifying our offering, accelerating digitalization, and expanding our production capabilities.

I extend my heartfelt gratitude to our Board of Directors for their invaluable guidance and to our management team and employees for their dedication and commitment. Your collective efforts have been instrumental in shaping our journey and driving our continued success.

As we move forward, we remain committed to seizing new opportunities, ensuring sustainable growth, and creating long-term value for our shareholders.

ABDALLAH MASSAAD
Group CEO

CORPORATE UPDATE

Performance Overview

RAK Ceramics has consistently demonstrated resilience and agility in achieving sustainable results amid evolving global and geopolitical challenges. Despite economic uncertainties, the company has effectively navigated market dynamics to maintain stable performance, ensuring a steady revenue stream and optimizing margins. With a strong focus on brand value, operational excellence, and strategic expansion, RAK Ceramics remains committed to long-term growth and industry leadership.

AED3.23BN
TOTAL REVENUE

39.3%
TOTAL GROSS PROFIT MARGIN

AED234.1M
NET PROFIT

AED592.2M
TOTAL EBITDA

CORPORATE UPDATE

RAK Ceramics faced a complex macroeconomic landscape in 2024, characterized by geopolitical uncertainties, inflationary pressures, and shifting consumer demand. The challenging period is evident in the company's annual financial performance, which saw a decline in revenue of 6.5% for 2024.

Despite this, RAK Ceramics demonstrated unwavering resilience and adaptability throughout the fiscal year 2024. Navigating market volatility and economic challenges, the company strategically positioned itself to mitigate adverse effects, as gross profit margin increased by 143bps year on year at 39.3% largely due to increase in margin in KSA, UAE and a recovery in Bangladesh market. EBITDA for 2024 decreased by 8.5% to AED 592.2m, while EBITDA margins for FY 2024 decreased 0.4% to 18.3%.

The Company continued to invest in the overall brand positioning and strategy which has enabled the business to maintain higher ASPs compared to competition in the market. The company also opened a new RAK Ceramics showroom in Dubai, Sheikh Zayed Road, which is built around the Lifestyle concept of display. Furthermore, the Company utilized its participation in international fairs, participating in the Cersaie fair in Italy, displaying the upcoming collection which received positive reception from the architects and design community.

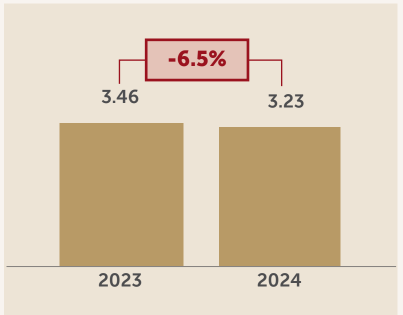
STRATEGIC INITIATIVES & OUTLOOK

RAK Ceramics remains at the forefront of innovation, establishing innovation hubs dedicated to research and development. The innovation hub serves as a centre for creative thinking, fostering cross-disciplinary collaboration, and exploring cutting-edge technologies. By continuously innovating in product design and materials, RAK Ceramics aims to enhance its offerings, ensuring they resonate with evolving consumer preferences.

RAK Ceramics is also actively engaged in upgrading its production facilities to enhance efficiency and meet growing demand.

Strategic plans for the UAE involve continuing to invest in upgrading our tiles production facilities to allow us to produce differentiated and large format tiles. Simultaneously, we are also investing in our UAE sanitaryware production facility to improve efficiencies and allow us to reduce our carbon emission and reduce the energy consumption. These initiatives underscore RAK Ceramics' commitment to maintaining a cutting-edge product portfolio and reinforcing its position in the UAE market. Separately in Saudi Arabia, We continue to work towards setting up a production facility in KSA.

FINANCIAL HIGHLIGHTS



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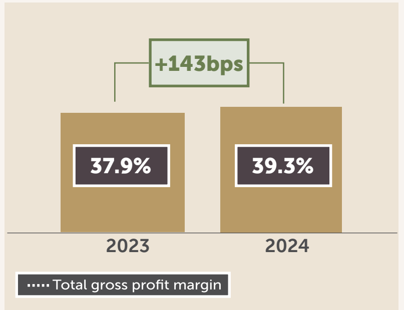
Total Revenue

Total revenue decreased 6.5% year on year to AED 3.23bn in 2024, primarily attributable to global macro-economic volatility, geopolitical tensions, inflationary pressures and supply chain disruptions, which have significantly impacted export reliant sectors. Tiles revenue recorded a year on year decline of 6.4% at AED 1.86 billion, with declines across most markets apart from the UAE and India. Sanitaryware revenue experienced a year-on-year decline of 8.6% at AED 467.8 million owing to headwinds, notably in European markets due to disruption in Red Sea route - the UAE continued to perform well. Tableware revenue decreased by 5.8%, reaching AED 369.3 million, year-on-year, compared with 2023, due to severe logistical issues and recessionary pressure in Europe which have affected other major markets. In 2024, faucets generated a revenue of AED 444.6 million, down 2.5% which was driven by impact in the European and Asian markets on account of the ongoing geopolitical tensions.



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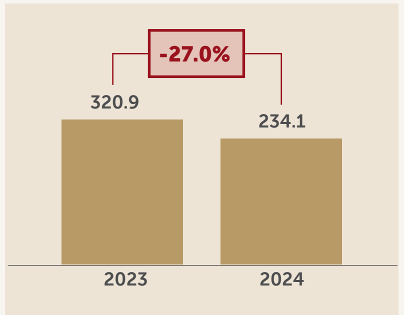
Total Gross Profit Margin

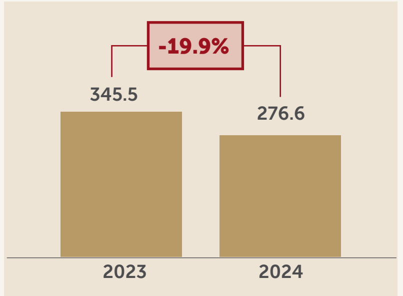
Total gross profit margin increased by 143bps year on year, reaching 39.3% for FY 2024, attributed to a favorable shift in product mix and production efficiencies.



Shown in AED million

Profit after tax

Profit after tax decreased by -27.0% year on year to AED 234.1 million, The impact UAE corporate tax is AED 33.9 million in full year of 2024. Net profit margin decreased to 7.2% compared to 9.3% in FY 2023.



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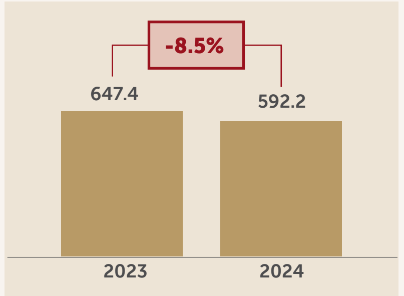
Profit before tax

Profit before tax decreased by -19.9% year on year in FY 2024, reaching AED 276.6 million. This decrease was primarily driven by political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, challenges faced in transformation plans in Faucets division in Europe and lower other income by 34.4m YoY. Profit margin is 8.6% compared to 10.0% in last year.



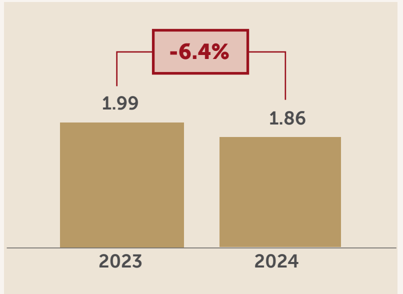
Shown in AED million

EBITDA

Total EBITDA has significantly decreased year on year by 8.5% in FY 2024, reaching AED 592.2 million, accompanied by slight margin reduction of +40bps at 18.3%.

Core Business Performance

Resilient growth in Gross profit margins amid geopolitical uncertainty and inflationary pressures: Strong performance in UAE and India, while Tiles and Tableware drive margin improvements.



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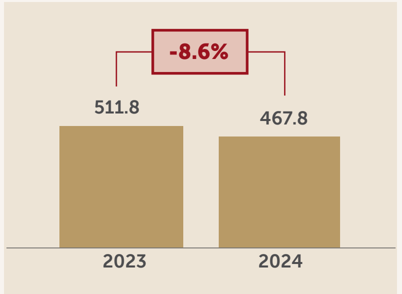
TILE REVENUE

Tiles revenue decreased by -6.4% year on year to AED 1.86 billion.



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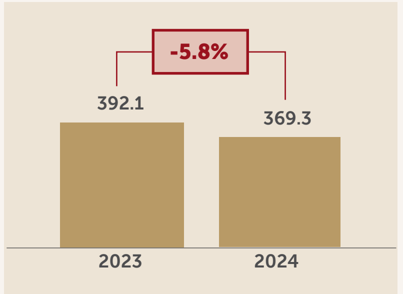
SANITARYWARE REVENUE

Sanitaryware revenue decreased by -8.6% year on year to AED 467.8 million.



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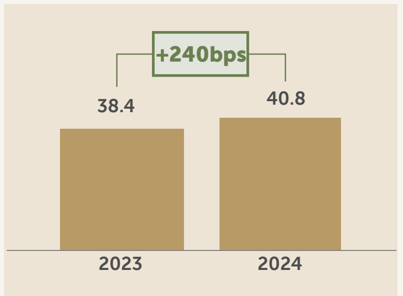
TABLEWARE REVENUE

Tableware revenue decreased by -5.8% year on year to AED 369.3 million.



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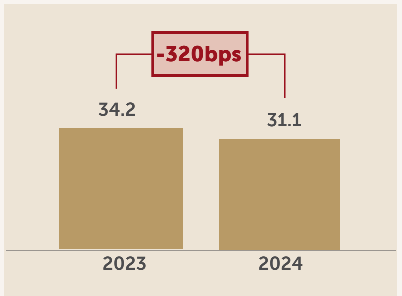
TILES GP MARGIN

Tiles margin increased by +240bps year on year to 40.8% for 2024, however, full-year results showed decline in all markets except UAE and India.



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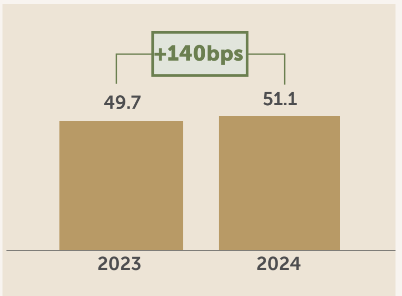
SANITARYWARE GP MARGIN

Sanitaryware margin decreased by -320bps year on year to 31.1% for 2024 mainly due to lower demand and under utilisation of plants.



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TABLEWARE GP MARGIN

Tableware margins increased by +140bps year on year to 51.1% in 2024 following change in product mix and higher ASP.

FAUCET BUSINESS PERFORMANCE

Faucets generated a revenue of AED 444.6 million, while gross profit margin increased by 200bps at 28.0% due to rationalisation of cost.

Regional Performance

Revenues saw a slight year-on-year decline across all core markets except the UAE and India, impacted by unfavorable market conditions, currency depreciation, inflationary pressures and supply chain disruptions. While the challenging environment pressured the bottom line, overall performance remained resilient.

United Arab Emirates

RAK Ceramics continues to witness a surge in revenue within the United Arab Emirates, strong performance driven by project and retail channels. The positive performance in the UAE is a testament to RAK Ceramics' strong market presence and effective strategies tailored to the unique characteristics of the region.

India

In the Indian market, our revenue grew by 0.8% year on year, supported by strong infrastructure development and growing disposable income. We acknowledge the challenges in the Indian market including lower demand due to increased interest rates, currency devaluation, however we have launched new large format products for this market and plans to strengthen our retail presence and experience to improve revenue and margins.

Saudi Arabia

Saudi Arabia experienced a challenging economic landscape, contributing to a notable dip in the revenue. Despite these hurdles, the company has started a recovery in Q4, with revenue grew by 20.1% YoY and 23.7% QoQ as customs duty relief on UAE exports helped us regain market share in the wholesale segment. Our flexible pricing strategy has helped us in sustaining growth in a competitive market and positioning us for continued success.

Bangladesh

Similarly, Bangladesh experienced a 20.6% year on year decline in revenue, attributed to political instability in the country, which had a significant impact on overall market and economic conditions. Separately, a severe gas crisis in the country continued to impact business in Q4 as well, leading to lower capacity utilization and a shutdown costs in 2024. Despite initial setbacks due to political instability, the market has rebounded impressively in Q4, driving growth of 61.4% QoQ.

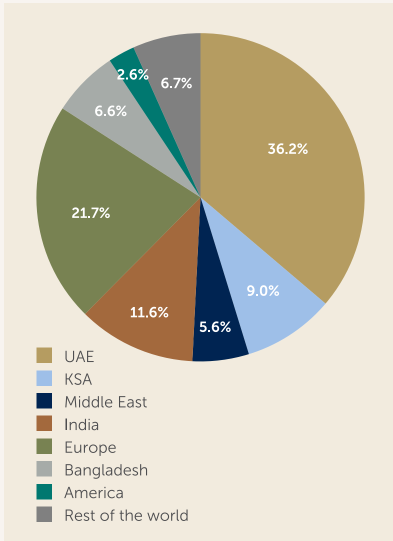
Europe

Europe has faced adverse market conditions which have led many companies to lower prices substantially. Furthermore, increased transportation costs and delays in delivery timelines remain critical issues. Planned initiatives include strengthening brand awareness and presence through events and engagements at the Design Hub with architects and designer community are key to addressing these challenges.

REVENUE (AED M)

	2023	2024	Growth
United Arab Emirates	786.7	842.5	7.1%
Kingdom of Saudi Arabia	350.3	282.0	-19.5%
Middle East (Ex. UAE & KSA)	153.6	120.9	-21.3%
India	362.0	364.7	0.8%
Europe	384.2	340.9	-11.3%
Bangladesh	264.4	209.9	-20.6%
Africa	113.6	102.9	-9.4%
Rest of the world	85.0	64.5	-24.1%
Total Tiles & Sanitaryware Revenue	2,499.8	2,328.4	-6.9%
Tableware revenue	392.2	369.3	-5.8%
Faucets revenue	456.1	444.6	-2.5%
Others revenue	109.7	89.8	-18.1%
Total Revenue	**3,457.9**	**3,232.0**	**-6.5%**

TILES AND SANITARYWARE REVENUE CONTRIBUTION



Board of Directors, Advisers and Leadership

SHEIKH SAQR BIN SAUD AL QASIMI
Chairman

Board Member and Chairman since August 2021, reappointed in 26 March 2024 AGM for a three year term till 25 March 2027. Sheikh Saqr brings financial expertise to the Board of RAK Ceramics having worked in multiple relevant roles both in the public and private domains. Sheikh Saqr is part of the investment team at the Investment and Development Office, the sovereign investment arm of the Government of Ras Al Khaimah overseeing a portfolio of strategic assets. Sheikh Saqr holds a Bachelor of Science degree in Banking and International Finance from CASS Business School, City University of London.

FAWAZ BIN SULIAMAN A AL RAJHI
Vice Chairman

Board member since April 2015, reappointed in 26 March 2024 AGM for a three year term till 25 March 2027. Mr. Fawaz is the Chairman of the Board, CEO and Head of Investment Committee of Al Rajhi United, a family-owned investment company with offices in Riyadh, Jeddah, New York and Dubai, focusing on public equity, private equity and real estate and he is also the Chairman of RAK Porcelain LLC. Mr. Fawaz holds Master in Business Administration from Stanford University, USA and Bachelors in MIS and Accounting from KFUPM, KSA.

SHEIKH KHALID BIN SAUD AL QASIMI
Board Member

Board Member since July 2015, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Sheikh Khalid holds business management qualification from New York University, Abu Dhabi Campus. Sheikh Khalid Bin Saud Al Qasimi is also Chairman of Al Marjan Island, Ras Al Khaimah and Vice Chairman of the Investment and Development Office, Government of Ras Al Khaimah. Sheikh Khalid Bin Saud Al Qasimi has extensive experience in finance and investment management.

SHEIKH SAQR BIN OMAR AL QASIMI
Board Member

Board Member since March 2021, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. He Holds a Bachelor's degree in Law from the University of Sharjah, Master's in International Law, Public Relations and Diplomacy from the Paris-Sorbonne University Abu Dhabi, as well as a Master's degree in Business Administration from the American University of Sharjah. Currently, he is the General Manager of RAK Real Estate and a Board Member of RAK Porcelain LLC.

FARAH ABDULLA MOHAMED AL MAZRUI
Board Member

Board Member since June 2021. Reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mrs. Farah Al Mazrui has more than 15 years of experience in financial advisory, strategy, investment as well as wealth management solutions to large Corporates, Families, Individuals and Governments. She holds BSc Hons -Economics from Queen Mary, University of London and MSc -Risk Management and Financial Engineering from Tanaka Business School, Imperial College. She was Associate Director – Global Advisory in Rothschild & Co., a Leading independent financial advisory group providing M&A, strategy, and financing advice, as well as investment and wealth management solutions to large Corporates, Families, Individuals, and Governments globally. She also serves as a Board Member of ARKAN Building Materials PJSC.

ABDALLAH RASHED JASEM AL ABDOULI
Board Member

Board Member since March 2021, reappointed in 26 March 2024 AGM for a term of three years till 25 March 2027. Mr. Al Abdouli is the Cheif Executive Officer of Marjan, a leading developer for freehold land in Ras Al Khaimah and a Board Member in RAK Properties PSC. Prior to this position, he had served as Director of Town Planning and Survey Administration and Director of Project Management Office at RAK Municipality. He also had held previously Board Member positions for several RAK-based governmental entities including RAK International Airport Authority and RAK Sewerage Authority. Mr. Al Abdouli holds a Masters in Regional & Urban Planning from Paris Sorbonne University in Abu Dhabi and certificate in Real Estate Investment Strategies from Harvard University.

WASSIM ZUHAIR MOUKAHHAL
Board Member

Board member since February 2016. Re-appointed in 26 March 2024 AGM for a three year term till 25 March 2027. Mr Moukahhal has more than 15 years of experience in private equity investments and is currently serving as Board Member of RAK Porcelain, RAK Ceramics India and RAK Ceramics Bangladesh. . Mr Moukahhal holds a MBA from the Wharton School at the University of Pennsylvania and a Bachelor's degree in Economics & Finance from McGill University.

Advisers and Leadership

PHILIP GORE-RANDALL
Expert Adviser to Audit Committee

Mr Gore-Randall is Expert Adviser to the Audit Committee and is also a Director at Samena Capital. Mr Gore-Randall has extensive experience at a senior level in large private and publicly held international organisations. Previously Mr Gore-Randall was an Audit Partner at Andersen where he ran the firm's UK practice and subsequently became the Global COO. Mr Gore-Randall is a UK Chartered Accountant and holds an MA from University College, Oxford.

ABDALLAH MASSAAD
Group Chief Executive Officer

Abdallah Massaad is Group CEO of RAK Ceramics. He has more than 25 years of experience in industrial manufacturing and ceramics and has a fond understanding of regional and international markets having successfully developed operations through his business leadership abilities across different geographies. Prior to RAK Ceramics, Abdallah Massaad was GM of ICC SARL, Lebanon. Abdallah Massaad holds post-graduate qualifications in Management' DEA in Business Administration' (1998) and an undergraduate degree "Maitrise in Business Administration – Marketing" from USEK (Université Saint-Esprit de Kaslik), Lebanon. He is fluent in Arabic, French and English and also speaks basic German.

PRAMOD KUMAR CHAND
Group Chief Financial Officer

VIBHUTI BHUSHAN
Chief Audit, Risk and Compliance Officer

SHAKTI ARORA
Chief Procurement Officer

BASAVARAJ PATIL
Chief Technical Officer (Tiles)

DAVID KELLY
Chief Technical Officer (Sanitaryware)

RENU OOMMEN
Chief Marketing Officer (Tableware)

ANIL BEEJAWAT
Chief Executive Officer (India)

FRANK HOLTMANN-WIBBERICH
Managing Director CFO, KLUDI (Germany and MEA)

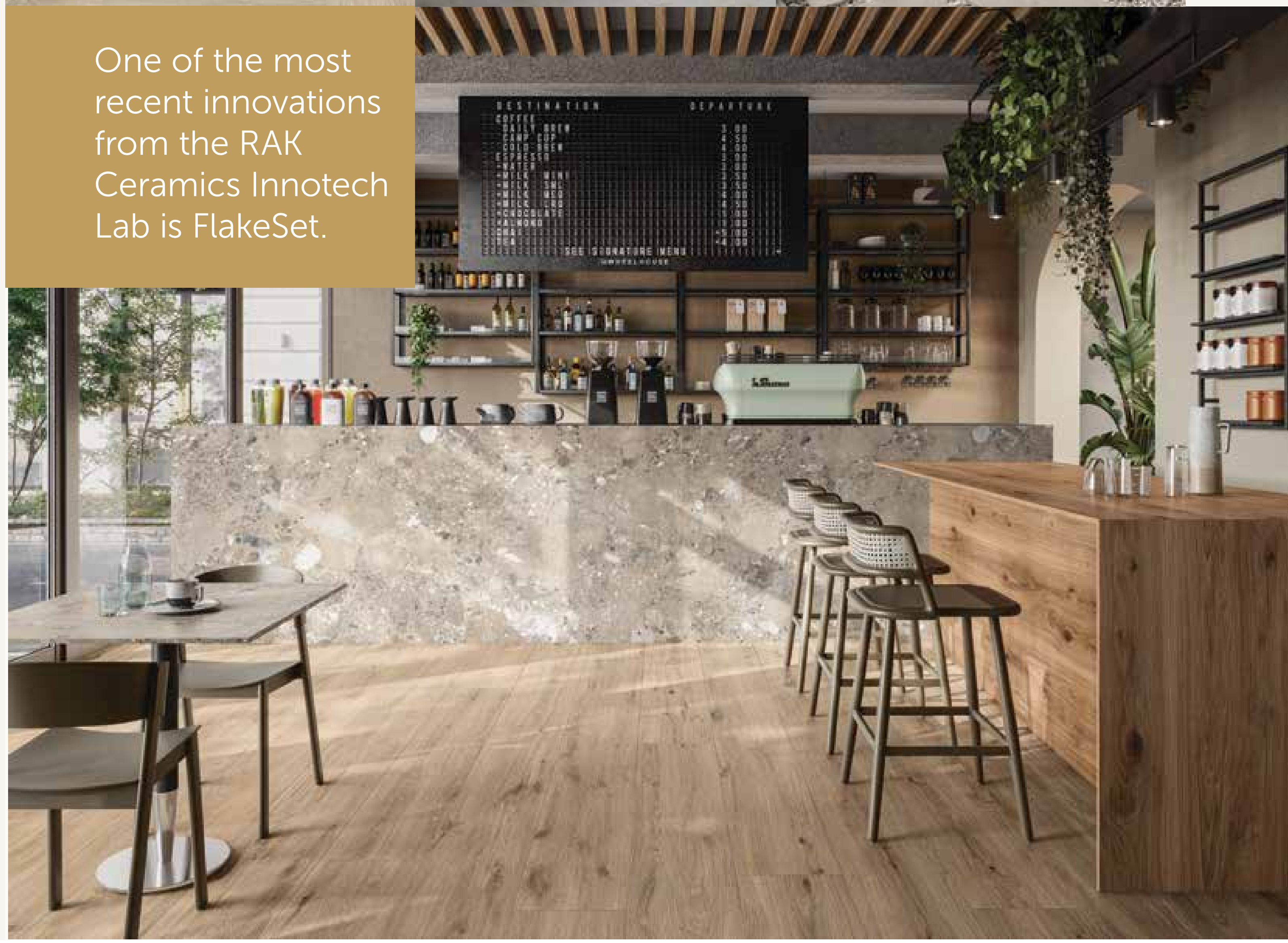
SAK EKRAMUZZAMAN
Managing Director (Bangladesh)

HARALD HOTOP
Managing Director, KLUDI (Germany and MEA)

OPERATIONAL UPDATE

Tiles

One of the most recent innovations from the RAK Ceramics Innotech Lab is FlakeSet.



In 2024, the Tile division of RAK Ceramics unveiled new sizes and thicknesses for its countertop solutions under Maximus. In a move set to redefine modern design, Maximus introduced its expanded range of porcelain slabs, soon available in striking 162x324 cm and 120x280 cm sizes. The range will include slabs with thicknesses of 12 mm and 6 mm, aligning with the latest design trends and professional needs.

Moreover, thickness standardization for sizes 30x60 cm, 60x60 cm, 80x80 cm, and 60x120 cm Glazed Porcelain Tiles was implemented in October 2023 for all new projects and sales orders.

TECHNICAL PRODUCT ENHANCEMENTS

RAK Ceramics has made significant advancements in technical product production, including enhancements in thickness production with new options of 13 mm and 2 cm. The introduction of new technical porcelain products such as Flake Tech and Tech Marble further expands the product range. Additionally, multiple surface finishes, including R9, R10, R11, and Granila Polishing in slabs, provide diverse aesthetic and functional solutions. The Elegance Ceramics (Project Series) now features increased local content, reinforcing sustainability and regional integration. The Salt & Pepper Series and Chips Series have been incorporated into major portfolios, available in 30x30 cm (9 mm & 13 mm) and 60x60 cm (13 mm), with an option for 2 cm thickness and slab production. New portfolio additions include sizes SL144x305 TH14 (Continua), SL120x180 TH20 (Continua), GP120x120 (Press), GP100x100 (Press), 50x150 RB, GP90x180 (Press), GP80x80 TH20, 40x40 TH13, GP60x90 TH20, and GP90x90, catering to a broad range of design and functional needs

PRODUCT INNOVATIONS

One of the most recent innovations from the RAK Ceramics Innotech Lab is FlakeSet. This technology has enabled the creation of collections like Flake Stone, which feature flakes embedded in the body of the slab. The process involves extracting flakes from atomized color body powder, blending them with raw clay, and firing the mixture at high temperatures.

In 2024, the Innotech Lab also responded to a specific market demand: achieving high-definition structures using digital technology. The result is Sync Effect, a technology that creates highly defined tiles through embossed graphics and material structures on both smooth and textured surfaces. This innovation seamlessly integrates material with the tile body, producing unique, realistic designs rich in detail and depth.

NEW COLLECTIONS

Mix and Match, creative sizes and colors, indoor-outdoor complete solutions. These are just some of the concepts that have characterized the development of the new collections launched in 2024. Creative Concrete P collection embodies the very spirit of creativity, Flake Stone features flakes in the body of the slab, thanks to the new Flaketech technology, while Sapien Wood is made with digital Sync Effect structure. Last but not least, RAK Ceramics has secured the prestigious Archiproducts Design Award 2024 in the "Finishes" category for the fourth consecutive year, with its innovative GREY ANTIQUE collection. This award-winning design embodies the Mix and Match concept, empowering designers to create personalized spaces by combining diverse surfaces, finishes, textures, and colors. GREY ANTIQUE redefines traditional ceramics, blending sophistication and natural beauty inspired by geological formations. Its versatility makes it ideal for cladding, countertops, flooring, and high-traffic areas, offering unique customization options from rustic to luxurious aesthetics.A standout feature of GREY ANTIQUE is its role as the foundation for three additional collections—MOON STONE, GREY STONE, and CRYSTAL WHITE—expanding the design possibilities through the deconstruction of agglomerate materials.

Sanitaryware

Innovation continued to play a central role in RAK Ceramics' sanitaryware division throughout 2024.

NEW COLLECTIONS

In 2024, RAK Ceramics continued its commitment to innovation and excellence in the sanitaryware division. A breakthrough in engineering processes for WCs led to a 15-20% reduction in material and energy consumption while delivering one of the most aesthetically refined skirted WC and Bidet offerings available.

This innovation was applied across new developments in both Kludi and RAK Ceramics, with existing products being remodeled to align with the latest advancements. Many of our established Bathroom Solutions WCs were refreshed with the latest rimless flush technology and comfort height, ensuring superior functionality and user experience.

Expanding our design versatility, we introduced new colors for the Des collection, adding fresh aesthetic choices for modern interiors. Furthermore, to reinforce our long-term sustainability commitment, we invested in state-of-the-art 'touchless' high-pressure casting machines, setting new benchmarks in production efficiency and environmental responsibility.

To enhance traceability and streamline operations, we implemented barcoding for all products, ensuring complete visibility throughout the entire process—from manufacturing to customer installation.

CERTIFICATIONS & GLOBAL EXPANSION

Strengthening our global footprint, we secured SNI Accreditation for our UAE site and key products, supporting our growing market presence in Indonesia. Additionally, our new Kludi WCs were certified by TUV and Kiwa, further validating our commitment to quality and compliance with international standards.

DISTINCT PORTFOLIO OFFERINGS

RAK Ceramics' sanitaryware portfolio featured two distinct offerings:

Bathroom Solutions, delivering RAK Ceramics' renowned quality and value.
Lifestyle Design, showcasing high-end collaborations with acclaimed designers such as Scutella and Norguet, bringing an elevated sense of style and sophistication to our product range.

With a relentless focus on innovation, sustainability, and design excellence, 2024 marked another milestone in RAK Ceramics' journey to redefine the standards of modern bathrooms worldwide.

Faucets

In 2024, KLUDI took a decisive step toward becoming a full-range provider of holistic bathroom solutions. With a significantly expanded product portfolio, the company showed its innovations on the international stages at Salone del Mobile in Milan 2024 and BAU 2025 in Munich. At the forefront are the new KLUDI-DECUS and KLUDI-RENON faucet series, which seamlessly blend timeless design with cutting-edge functionality, as well as the KLUDI-ASANA overhead showers with Atmolight, creating a truly immersive water experience.

A key milestone in KLUDI's evolution was the introduction of a completely new sanitary ware collection, first unveiled in Milan and now fully integrated into the project portfolio. With this expansion, KLUDI is transforming into a complete bathroom solutions provider, offering perfectly coordinated designs from a single source—from premium faucets and innovative showers to elegant sanitary ceramics.

ASANA overhead showers with Atmolight, creates a truly immersive water experience.

Tableware

RAK PORCELAIN - PIONEERING PROGRESS, ONE TABLE AT A TIME

In the dynamic world of fine tableware, RAK Porcelain has consistently set benchmarks and redefined industry standards. From dazzling international tradeshows to ambitious expansion projects, the tableware division has once again proven why it remains a dominant force in this competitive landscape. With innovative strategies and a commitment to excellence, the division has not only strengthened its global footprint but also enhanced its reputation as a visionary brand.

INNOVATION AND EXCELLENCE

2024 has been a year of opportunities and innovation for the brand, marked by successful launches of new collections: Pose, Ease Selva, Cliché, and the Digi Series. Each collection reflects the brand's commitment to innovation and artistry, redefining dining experiences through thoughtful design.

POSE - Crafted with meticulous precision and deep passion by Anna Roquero, this pristine collection boasts organic contours that radiate tranquility and elegance.

CLICHÉ - In collaboration with Pop Artist and Chef Rudi Sodamin, this series has struck a chord and garnered admiration among guests, seamlessly blending artistic flair with culinary excellence.

DIGI SERIES – A symphony of design that adapts seamlessly across diverse dining landscapes. This collection is a canvas for culinary artists, offering them the freedom to showcase their individual flair.

EASE SELVA - Inspired by nature, the Ease Selva Series weaves organic textures and motifs into a serene dining experience, perfect for nature lovers and those seeking a tranquil touch of the outdoors.

EXPANDING CAPACITY AND EXCELLENCE

One of the most significant achievements this year was expanding the manufacturing capacity to an impressive 36 million pieces annually. This milestone underscores a commitment to meet the evolving demands of tableware industry while maintaining the highest standards of craftsmanship and quality. More than just a numeric achievement, this expansion reflects brand's dedication to serving the HORECA industry as the premier "One-Stop Tabletop Solution Provider." This visionary project has transformed operations, driving evolution beyond a traditional brand. Some key advancements include:

Cutting-Edge Technology: The ISO Static Press PHO 700 has enabled precision shaping of large plates and buffet models, while the Roller Head Cup Machine NCR-2C has added 3 million cups, mugs, and bowls to total capacity. These innovations empower RAK Porcelain to broaden offerings and meet diverse market demands. Sustainability and

Efficiency: With the addition of energy-efficient kilns, including the Glost Fast Firing Kiln and Tunnel Kiln, the production capabilities have reached new heights. The Glost Kiln now supports the creation of 6–8 million porcelain and Rakstone pieces annually, while the Tunnel Kiln has revolutionized bonechina production for airlines, reducing lead times and enhancing operational flexibility.

Customization at Scale: Cylinder Screen Press for Decal Printing has doubled the capacity for delivering intricate,bespoke designs, aligning with the growing demand for personalized dining experiences.

LOOKING AHEAD: OPPORTUNITIES IN 2025

As 2025 unfolds, RAK Porcelain remains steadfast in its mission to push boundaries, embrace bold innovation, and craft timeless beauty for every table. While presenting its share of challenges in 2024, the brand has only strengthened its resolve, transforming obstacles into opportunities and paving the way for a brighter future.

RAK Porcelain continued to enhance its brand reputation through sponsorships, partnerships and various marketing initiatives.

RAK Porcelain opened its first showroom in Dubai Hills Mall, dedicated to end users, and launched its e-shop channel.

Sales and Marketing

BRAND ENHANCEMENT

In 2024, RAK Ceramics strengthened its brand presence in key markets, with a heightened focus on projects and retail. Numerous initiatives were launched to integrate developer and trader support with compelling, detailed product communication aimed at end users and key influencers, including architects, designers, and contractors.

Notable activities supporting sales efforts included participation in major international trade shows such as Salone del Mobile and Cersaie (Italy). Additionally, Dubai Design Week marked the official launch of the Kludi by RAK Ceramics Design Hub in D3.

RAK Ceramics also expanded its retail footprint with showroom renovations in Fujairah, Ras Al Khaimah, Abu Dhabi, Dubai Deira, and Saudi Arabia (Tahlia), alongside the opening of its first factory outlet in Ras Al Khaimah and a new Dubai showroom on Sheikh Zayed Road.

In the porcelain sector, RAK Porcelain introduced its retail channel, opening its first showroom in Dubai Hills Mall, dedicated to end users, and launching its e-shop channel.

At a corporate level, the new Corporate Website was successfully launched in January 2024, featuring the latest digital enhancements. RAK Ceramics received 14 prestigious awards throughout the year, collaborated with key governmental and non-governmental entities, and hosted over 19 international delegations.

DIGITAL PERFORMANCE

In 2024, we significantly enhanced our digital marketing strategy across our brands, expanding reach, engagement, and online presence. For Kludi, we streamlined and consolidated all social media accounts, securing verification and transitioning Facebook pages to a global structure to ensure a more cohesive brand identity. Additionally, we launched podcast, new social media channels on TikTok and Snapchat, broadening audience engagement. As a result, Kludi's regional Instagram accounts saw a nearly 100% increase in followers, reflecting stronger brand visibility in key markets. The Kludi website was also further developed to improve user experience and accessibility.

For RAK Ceramics, we introduced an advanced room visualizer on the website, enabling customers to preview products in realistic settings before making purchase decisions. These efforts contributed to a 63% increase in active users and an 18% increase in engagement time on the brand's website. Additionally, by optimizing our paid strategy, we successfully increased e-commerce revenue by 30%, strengthening our digital sales performance.

Meanwhile, for RAK Porcelain, we expanded digital efforts by launching new social media channels, focusing on lifestyle and video content to reinforce brand presence. Since launch, the brand's new accounts have amassed 7,500 followers, reflecting strong initial engagement.

A major part of our strategy across all three brands included influencer marketing activities, helping to enhance visibility and audience interaction. These initiatives, particularly in the KSA market, have reinforced our brands' positioning and laid the foundation for long-term digital growth.

Environmental, Social and Governance (ESG)

RAK Ceramics is committed to embed the principles of sustainability.

OUR ESG COMMITMENT: ADVANCING SUSTAINABILITY IN 2024

In 2024, we remained steadfast in our commitment to sustainability, further strengthening our position as a pioneer in ceramic manufacturing. Our journey toward a more sustainable future was guided by a clear strategy, ensuring that we integrated ethical, responsible, and community-focused initiatives into every aspect of our operations.

Throughout the year, we placed a strong emphasis on enhancing our internal ESG practices while launching key initiatives to drive continuous improvement. We worked closely with industry experts to refine and implement a robust sustainability strategy, ensuring greater transparency and engagement with our stakeholders. By leveraging advanced technologies and digital tools, we optimized our production processes to uphold the highest quality standards while minimizing our environmental footprint.

Our sustainability efforts in 2024 encompassed several critical areas, including energy conservation, expanded recycling programs, improved waste management, sustainable logistics, and eco-friendly packaging. Additionally, we invested in upskilling our technical teams by providing access to global best practices, further strengthening our capabilities in sustainable manufacturing. These initiatives not only reinforced our resilience in the face of market challenges but also reinforced our identity as a purpose-driven brand.

A key milestone of the year was the continued development of our ESG Strategy for 2024-2030, which was designed to align with international agreements and industry sustainability initiatives. This strategy focused on decarbonization, circularity, and workforce development—ensuring that our commitment to sustainability remained deeply embedded across all operations. Our leadership team, in collaboration with sustainability experts, meticulously assessed 18 key sustainability imperatives, evaluating their impact on our business and the broader industry.

RAK CERAMICS: DRIVING SUSTAINABILITY THROUGH KEY INDUSTRY EVENTS

RAK Ceramics proudly served as a Strategic Partner at the RAK Energy Summit 2024, where our Group CEO, Mr. Abdallah Massaad, led a fireside chat on upcycling waste for circular, low-carbon materials. Strengthening our commitment to green building, we partnered with Emirates Green Building Council, supplying our 100% recycled ReUse Series tiles for the Sustainability Lounge, supporting its WELL Certification goal.

At the RAK Investment & Business Summit 2024, Mr. Massaad discussed manufacturing challenges and sustainable growth, while at the Emirates Green Building Council's 13th Annual Congress 2024, he explored circular economy solutions for a more sustainable supply chain.

RAK Ceramics remains dedicated to innovation and sustainability, shaping the future of responsible manufacturing.

Beyond our internal initiatives, we deepened our commitment to social responsibility through impactful Corporate Social Responsibility (CSR) programs. Our employees actively participated in the Joy of Giving campaign with the Red Crescent, contributed to the UAE Stands with Lebanon campaign, and engaged in sustainability-focused Earth Day activities. These efforts reflected our dedication to making a positive impact beyond our workplace, fostering meaningful change in the communities we serve.

For more details on our sustainability initiatives and progress, we encourage stakeholders to read our complete ESG Report 2024, available at www.corporate.rakceramics.com

Events, Awards and Sponsorship

RAK Ceramics took part in numerous exhibitions, awards, and fairs on a national and international level.

AWARDS & RECOGNITION – A YEAR OF EXCELLENCE AND INNOVATION

In 2024, RAK Ceramics continued to set new benchmarks in the industry, further cementing its leadership position with a series of prestigious awards across diverse categories. Group CEO, Mr. Abdallah Massaad, earned the coveted Thought Leader of the Year Gold Stevie Award, while the company secured two Silver Stevie Awards for Achievement in Product Innovation (CookingRAK) and Excellence in Innovation in Manufacturing Industries, along with a Bronze for Innovative Achievement in Sustainability.

One of the standout achievements of the year was CookingRAK, the invisible induction cooktop, which received the esteemed "Red Dot: Best of the Best" award in the Product Design category – the highest accolade in the competition, reserved for products that demonstrate unparalleled design and quality.

RAK Ceramics was also honored at the ACIMAC TecnAward 2024 for Innovation and Sustainability, highlighting the company's commitment to forward-thinking solutions. Additionally, the Ministry of Industry & Advanced Technology recognized RAK Ceramics as the UAE Industry 4.0 Leader, further solidifying its reputation in cutting-edge manufacturing practices.

At the 2024 BKUMagazine Awards, RAK Ceramics was named Best Tiling Brand, while GREY ANTIQUE triumphed at the Archiproducts Design Award 2024 in the "Finishes" category, marking the fourth consecutive year the company has won this prestigious award.

In a moment of personal recognition, Mr. Abdallah Massaad proudly accepted the Gulf Industrial Excellence Award on behalf of RAK Ceramics. The company was also honored in the Enterprise category at the ICT Awards for its exceptional implementation of Intelligent Manufacturing and Best Fitting Brand by Design ME Awards.

Finally, RAK Ceramics' commitment to sustainability was recognized with the 2024 MENA Green Building Award for 'Sustainable Building Product of the Year – Indoor Air Quality,' further affirming the company's dedication to innovation, quality, and environmental responsibility.

These awards exemplify RAK Ceramics' unwavering dedication to excellence, innovation, and sustainability across all facets of its operations.

Events, Awards and Sponsorship (contd.)

OFFICIAL VISITS AND EDUCATIONAL TOURS RAK

In 2024, RAK Ceramics continued to solidify its position as a global leader in the ceramics industry, welcoming distinguished guests from various countries and industries. The year has seen a series of significant visits, highlighting the company's international stature and its ability to foster cross-border collaborations. These visits include delegations from countries such as India, Japan, Rwanda, Italy, China, Tanzania, and France, among others. The company's strategic efforts to build connections are exemplified by the diverse range of high-ranking officials, diplomats, and business leaders who have toured the facilities, engaging in discussions on mutual growth and innovative opportunities.

In addition to the diplomatic and business delegations, RAK Ceramics was also honored to host educational visits from esteemed institutions. Georgetown University students, along with EMBA candidates, had the opportunity to tour the company's facilities, engaging in insightful presentations from top executives. Similarly, students from Westford University also visited RAK Ceramics, gaining first-hand knowledge of the company's operations and its contribution to the ceramics industry. These interactions with future leaders underscore RAK Ceramics' commitment to fostering education and knowledge exchange, while continuing to strengthen its collaborations with both governmental bodies and industry leaders. As RAK Ceramics continues to grow and expand its global footprint in 2024, the company remains focused on strengthening its partnerships and ensuring sustained growth and success on the world stage.

EVENTS AND SPONSORSHIPS

In 2024, RAK Ceramics reaffirmed its commitment to innovation, community engagement, and leadership in the ceramics and building materials industry through a diverse range of events and sponsorships. The company kicked off the year by participating in prestigious international exhibitions and forums, including the Make it in the Emirates 2025 Preview Exhibition, where it showcased its sustainable and innovative products. The collaboration with the Emirates Green Building Sustainability Lounge demonstrated RAK Ceramics' dedication to promoting sustainable building practices, aligning with global environmental goals.

Throughout the year, RAK Ceramics hosted and participated in various key industry events such as the RAK Energy Summit, which focused on the future of energy and sustainability in the region, and INNOPROM Ekaterinburg in Russia organized by MOIAT, where the company showcased its cutting-edge technologies. The company also participated in Salone del Mobile, Milano, further solidifying its presence in the international design community.

On the educational front, RAK Ceramics hosted the Georgetown EMBA - CEO Presentation, offering top executives insights into the company's business strategies and innovations. Additionally, RAK Ceramics participated in industry event- Cersaie in Bologna, Italy.

RAK Ceramics also supported the CID Design Awards 2024 as a sponsor, demonstrating its strong support for design excellence and innovation in the region's interior design industry. The company's involvement highlighted its ongoing commitment to advancing design standards and celebrating outstanding talent.

Furthermore, RAK Ceramics was an active participant in the EmiratesGBC Annual Congress 2024, where the company took part in a panel discussion titled The Supply Chain through the Lens of Circularity. This involvement underscores the company's dedication to shaping the future of sustainable building materials and fostering a circular economy in the industry.

Through its participation in these events and sponsorships, RAK Ceramics continues to lead the way in design innovation, sustainability, and community engagement, further enhancing its role as a global leader in the ceramics sector.

Human Resources

The company prioritized employee engagement and motivation.

EMPLOYEE ENGAGEMENT

Engagement and Celebrations
We celebrated diversity, unity, and traditions throughout 2024 with various events and activities. These included UAE National Day, Christmas Celebration, International Women's Day, Haq al Lailah (marking the arrival of Ramadan), and the Terry Fox Run. Sporting events like Chess and Table Tennis tournaments encouraged teamwork and healthy competition. This year's Christmas celebration was particularly impactful, with a sustainability-focused theme of "Reusage of Waste Products," promoting environmental consciousness among employees.

Health and Well-being Initiatives
Promoting a healthy and supportive environment, we organized:

Terry Fox Run: Participating in this global initiative to support cancer research and raise awareness.

Awareness Campaigns: RAK Ceramics prioritized employee awareness through key initiatives, which focused on fraud prevention, welfare, and health education. Factory workforce were also educated on identifying scam messages and calls and critical health topics like cardiology, heart disease, and HIV prevention in collaboration with the Ministry of Health (MOH) and Preventive Medicine – RAK

Sustainability and Corporate Social Responsibility (CSR)
We reinforced our commitment to social and environmental causes through impactful initiatives:

Joy of Giving (in partnership with Red Crescent): Employees came together wholeheartedly to contribute to this CSR initiative, helping those in need through donations.

UAE Stands with Lebanon Campaign: A heartfelt campaign where employees showed their solidarity by contributing food and money to support affected communities.

Earth Day Celebration: Encouraging environmental responsibility through activities promoting sustainability.

Employee Benefits and Discounts

Khusoosi: In 2024, we reintroduced and enhanced Khusoosi, our exclusive Employee Discount Program, to provide access to top-tier brands and services at reasonable and affordable rates. Currently, the program boasts partnerships with 38 well-known brands, offering discounts across diverse categories including:

Gym and Fitness: Helping employees prioritize their health and wellness.

Pharmacies: Ensuring access to essential health and wellness products.

Hotels, Restaurants, and Resorts: Encouraging recreation and quality time with loved ones.

Adventure Parks: Promoting fun and adventure for employees and their families.

The objective of Khusoosi is to ensure employees receive the best services and experiences, aligning with our commitment to their well-being and happiness.

Human Resources (contd.)

REWARD AND RECOGNITION
2024 was marked by significant recognition at the GCC GOV HR and Youth Awards, a platform that honors excellence and innovation in human resources and organizational success across the region in both Public and Private Sector. The awards celebrate exceptional achievements in fostering employee well-being, nationalization efforts, and leadership.

CEO of the Year (Private Sector):
Our CEO, Mr. Abdallah Massad, was honored with this prestigious award for his visionary leadership and remarkable contributions to the organization.

Nationalization Initiative Award (Private Sector): We proudly secured the First Runner-Up, reflecting our commitment to fostering local talent and driving Emiratization efforts.
Employer of the Year (Private Sector): We achieved the Second Runner-Up, recognizing our ongoing efforts to provide a nurturing and rewarding workplace for our employees.

These accolades underscore our dedication to setting benchmarks in leadership, employee engagement, and nationalization, solidifying our position as a leader in the private sector.

CAMPUS PLACEMENT INITIATIVE
At RAK Ceramics, we are committed to nurturing new talent and paving the way for meaningful careers. In line with this vision, the team has conducted various Campus Placement Drive in India & UAE in 2024, aimed at creating career opportunities for final-year students.

With strong support from management, our HR team led this initiative, visiting more then 15 ITIs, Polytechnics, Management and Engineering colleges. Through these placement drives, the team has engaged with aspiring graduates and postgraduates, offering valuable insights into industry expectations and career prospects. By facilitating their transition from academia to the professional world, we continue to strengthen our talent pipeline and empower the workforce of the future.

PEOPLE FIRST INITIATIVES
At RAK Ceramics, we believe that an engaged workforce thrives when employees have a voice in shaping their work environment. Actively capturing employee feedback fosters continuous improvement, strengthens communication, and supports both individual and organizational growth.

Suggestion Box: Capturing Voice of Employees
To empower our factory employees and encourage open dialogue, we introduced a Suggestion Box initiative. This platform enables employees to:
- Share ideas and feedback to improve workplace processes and culture.
- Voice grievances and concerns, ensuring every employee feels heard.
Propose innovative solutions that contribute to efficiency and collaboration.

By fostering a culture of listening and responsiveness, we are committed to creating a dynamic and inclusive workplace where employees actively contribute to progress.

New Hire Engagement
To ensure a smooth transition into the organization, we have established a Growth Review Session for employees completing their probation period. This initiative provides:
A platform for new employees to present their learnings, share their experiences, challenges, and suggest improvements for the onboarding process and their journey till date.
An interactive Q&A session with senior managers to offer guidance and constructive feedback.

By engaging with employees at every stage of their journey, we reinforce our commitment to professional growth, empowerment, and a high-performing work culture.

Corporate Governance

RAK Ceramics developed highest standards of governance resulting in transparency and integrity.

In the sphere of corporate governance, the year 2024 has been characterized by a steadfast commitment to elevating our standards and practices. Our paramount focus has been on ensuring continuous compliance with the laws of the United Arab Emirates, regulations governed by the Securities and Commodities Authority (SCA), the Abu Dhabi Securities Exchange (ADX), and our Company's Articles of Association (AoA).

Throughout 2024, RAK Ceramics has undertaken comprehensive initiatives to refine and fortify our governance framework. Noteworthy developments include the continuous enhancement of policies crucial to our ethical conduct, such as the Code of Conduct, Conflict of Interest, Whistleblower Policies, and Dividend Policy.

Our dedication to governance excellence remains unwavering, and we aspire to foster a culture of transparency and integrity in all our interactions. As part of our ongoing commitment, we encourage you to stay informed by exploring the detailed RAK Ceramics 2024 Governance Report, which is available at www.corporate.rakceramics.com.

The report will encapsulate our endeavors, achievements, and continuous strides towards governance excellence during the dynamic landscape of 2024.

Information Technology & Digital Transformation

In 2024, we continued to drive digital transformation across RAK Ceramics, enhancing operational efficiency, security, and customer engagement. Our Warehouse GPS Pallet Tracking system was upgraded with virtual gridding and automatic stock counting, improving inventory management. We also introduced a Proof of Delivery (POD) system, enabling real-time confirmation of deliveries through a dedicated web portal, seamlessly integrating with SAP for streamlined revenue recognition. Additionally, key ERP enhancements were implemented to optimize production planning, procurement, and finance functions, strengthening overall business operations.

To improve product traceability, we introduced a Sanitary Ware Barcoding system, allowing seamless tracking of products throughout the production cycle. A new Sanitary Ware Forecasting & Demand Management process in SAP was also deployed, ensuring better alignment between production and sales. Furthermore, we initiated the development of a Product Information Management (PIM) system for Kludi and RAK Porcelain, centralizing product data to improve consistency and accessibility.

Automation remained a key focus, with the expansion of Robotic Process Automation (RPA) for Kludi, automating supplier order handling. We also launched the Helpme Portal, a global IT service request platform that has significantly improved user satisfaction. In Bangladesh, we introduced RAKCARE, a digital warranty program, along with RAKSCAN, a QR code-based product information system, and an Invoice Tracking System to enhance transparency in supplier payments.

On the security front, we standardized the network infrastructure, email systems, and Active Directory for Kludi Europe, integrating them with RAK Ceramics. We also enhanced website standardization across our e-commerce platforms and implemented Single Sign-On (SSO) and Multi-Factor Authentication (MFA) for improved security. Sustainability remained a priority, with initiatives like printer optimization, reducing print volume by 25%, and upgraded email and web security to mitigate external threats.

These advancements reflect our commitment to leveraging technology for operational excellence, customer satisfaction, and long-term sustainability.

FINANCIAL REVIEW

FINANCIAL REVIEW

Report of the Board of Directors

On financial performance during the year ended 31 December 2024
12 February 2025

Dear Members,

It is our pleasure to present the business & operations report for the year ended 31 December 2024, along with the audited consolidated financial statements of RAK Ceramics PJSC, UAE (the "Group" or the "Company") as on 31 December 2024.

Snapshots for fourth quarter and year 2024

- **Group Revenue:** Experienced an increase of 0.5% year- on- year (YoY) to AED 870.9 million in Q4 2024, while the FY 2024period reported a decline of 6.5% to AED 3.23 billion largely driven by global macro-economic volatility, geopolitical tensions, inflationary pressures and supply chain disruptions, which have significantly impacted export reliant sectors.
- **Gross Profit Margin:** Continued improvement by 163bps YoY to 37.2% in Q4 2024, while in FY 2024 improved by 143bps YoY to 39.3%.
- **Profit Before Tax:** Profit before tax decreased by 7.1% YoY to AED 82.0 million, compared to AED 88.4 million in Q4 2023. In FY 2024 it decreased by 19.9% YoY to AED 276.6 million, primarily attributable to political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, and challenges faced in ongoing Kludi's (faucet division) transformation plan in Europe.
- **EBITDA Performance:** EBITDA decreased by 4.7% YoY in Q4 2024 to AED 158.0 million, while in FY 2024 EBITDA decreased 8.5% YoY to AED 592.2 million.
- **Financial Health:** Net debt position stood at AED 1.39 billion in Q4 2024, down 11.1% compared to Q3 2024. The net debt to EBITDA ratio decreased from 2.61x in Q3 2024 to 2.35x in Q4 2024.
- **Dividend:** The Board of Directors proposed a dividend distribution of 10 fils per share (AED 99.4million) for H2 2024

Financial Highlights

- **Total revenue** increased by 0.5% YoY to AED 870.9 million in Q4 2024 and in FY 2024 it fell by -6.5% YoY to AED 3.23 billion, due to a range of global macro-economic factors including ongoing geopolitical tensions, inflationary pressures and supply chain disruptions, which particularly impacted export reliant divisions. The tiles division recorded strong Q4 growth in both volumes and value, led by robust performance across a number of core markets, including the UAE, KSA, India, and Europe.
- In Q4 2024, on a YoY basis the **gross profit margin** increased by 163ps to 37.2% and for FY 2024 it increased by 143bps YoY to 39.3%, driven by improved efficiency and robust performance across all core markets.
- **EBITDA** decreased to AED 158.0 million in Q4 2024, compared to AED 165.9 million over the same period last year, similarly in FY24, EBITDA decreased 8.5% to 592.2 million. EBITDA margins for Q4 2024 have decreased slightly to 18.1%, compared to 19.2% in Q4 2023. In FY 2024, EBITDA margins decreased 0.4% YoY to 18.3%.
- **Profit before tax** decreased by 7.2% YoY to AED 82.0 million, compared to AED 88.4 million in Q4 2023. This decrease was primarily driven by a lower other income of AED 20.9 million and an increase in logistics cost. In FY 2024, net profit before tax decreased by 19.9% to AED 276.6million from AED 345.5 million. This decrease was primarily driven by political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, challenges faced in ongoing Kludi's (faucet division) transformation plans in Europe and lower other income by 34.4m YoY.
- **Net profit after tax** decreased 21.5% YoY to AED 64.2 million, compared to AED 81.8 million in Q4 2023, while in FY24, net profit after tax decreased 27.0% to AED 234.1 million from AED 320.9 million. The impact of the 9% UAE Corporate Tax was AED 11.6 million for Q4 2024, while for FY24 it was AED 33.9 million. Net debt position stood at AED 1.39 billion, down 1.8% YoY. The net debt to EBITDA ratio also decreased from 2.61x in Q3 2024 to 2.35x in Q4 2024.

Segmental performance highlights

- **Tiles** revenue recorded strong Q4 growth, up 4.8% year-on-year to AED 518.1 million, led by strong performance in the UAE, KSA, India, and Europe, while full year results saw a YoY decline of 6.4% at AED 1.86 billion, with declines across most markets apart from the UAE and India.
- **Sanitaryware** experienced a moderate revenue decline in Q4 2024 of 4.7% at AED 120.4 million, while FY 2024 saw a decline of 8.6% YoY at AED 467.8 million primarily attributable to weaker demand across all major markets except KSA market.
- **Tableware** revenue declined in both for Q4 and FY 2024 7.5% and 5.8% respectively, due to demand being impacted by severe logistical issues and currency depreciation in Europe, USA which have affected other major markets.
- **Faucets** revenue declined by 3.3% YoY to AED 109.5 million in Q4 2024, while in FY 2024 it declined by 2.5% to AED 444.6m YoY largely impacted by geopolitical tensions affecting the European and Asian markets. Also, transformation of Kludi Europe has been considerably affected by inflation, recessionary pressures and higher logistics cost. These challenges have strained our ability to sustain healthy margins.
- **UAE**: Registered a YoY revenue growth of 9.6% in Q4 2024, while revenue increased 7.1% to 842.5 million on an annual basis, in FY 2024 primarily due to growth in the real estate sector and favorable market dynamics.
- **Saudi Arabia**: KSA market began its recovery in Q4, with revenue growing 20.1% YoY and 23.7% Quarter on Quarter, driven by customs duty relief on UAE exports, which supported a regain in market share in the wholesale segment.
- **Europe**: Weakened demand in Europe persisted, driven by inflation, recessionary pressures, and ongoing geopolitical tensions. Increased logistics cost further challenged our ability to sustain healthy margins
- **India**: Revenue increased by 13.7% in Q4 2024, while revenue grew 0.8% in FY 2024 as the Indian market continues to witness growth, driven by robust infrastructure development and rising disposable income.
- **Bangladesh**: Revenue declined by 11.1% YoY in Q4 and 20.6% YoY for FY 2024, primarily due to political instability, which significantly affected market and economic conditions. Additionally, a severe gas crisis in the country continued to impact business operations, resulting in lower capacity utilization.

Strategic Initiatives

Expansions

- In the UAE, the continued investment in the overall brand positioning and strategy has also allowed the Company to maintain higher ASPs compared to competition in the market.
- The Company continues to invest in upgrading the Tiles production facilities to enable to produce differentiated and large format Tiles.
- We are also investing in our UAE Sanitaryware production facility to improve efficiencies and allow us to reduce our carbon emission and reduce the energy consumption.

Greenfield Projects

- In Saudi Arabia, we continue to work towards setting up a production facility in KSA.

Income Statement Highlights

Particulars	Year 2024	Year 2023	YoY Growth
Revenue	**3,232.0**	3,457.8	-6.5%
Gross margin (%)	**39.3%**	37.9%	143bps
EBITDA	**592.2**	647.4	-8.5%
Profit/(loss) before tax	**276.6**	345.5	-19.9%
Net profit/(loss) after tax	**234.1**	320.9	-27.0%
Net Profit/(loss) after minority	**221.1**	290.9	-24.0%
Capital expenditure	**183.3**	273.4	-33.0%
Net debt	**1,394.2**	1,420.4	-1.8%
Net debt/EBITDA	**2.35x**	2.20x	-
Cost of Debt	**6.17%**	6.15%	2bps

Report of the Board of Directors (contd.)

On financial performance during the year ended 31 December 2024
12 February 2025

CSR activities, exhibitions, sponsorships and awards

Exhibitions participated

- Make it in the Emirates 2025 Preview Exhibition

Visits of delegates

- Visit of HE Ambassador of Finland to the UAE
- Visit of HE Ambassador of Singapore to the UAE
- Visit of HE Ambassador of France to the UAE

Awards received

- Intelligent ICT Awards, Dubai
- Arch products Design Awards 2024
- Emirates Green Building Awards 2024 – Indoor Air Quality
- UAE Digital Leader 4.0 by MOIAT
- ACIMAC TecnAward 2024 for Innovation and Sustainability

Future Outlook

In Q4 and FY2024, the Company faced a complex macroeconomic landscape, characterized by geopolitical uncertainties, inflationary pressures, and shifting consumer demand. This was compounded by currency fluctuations and supply chain constraints, which knocked the top-line performance and profitability.
The Company remains committed to investing in its brand, expanding retail presence, and strengthening brand awareness through strategic events and engagements – in the key markets. Looking ahead, the strategic priorities center on protecting the market share, optimizing operations, further diversifying the offering, accelerating digitalization, and expanding production capabilities. The Company wants to continue to deliver a best-in-class product to customers that sets itself apart from the competition. By leveraging technology and targeted investments, the Company aims to enhance resilience and create long-term value for the investors and customers.

Financial Reporting

The condensed consolidated financial information of the Group, prepared in accordance with International Financial Reporting Standards (IFRSs), 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 of Directors 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.

Chairman

Chief Executive Officer

Independent auditors' report

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

Report on the audit of the consolidated financial statements.

Opinion

We have audited the consolidated financial statements of R.A.K Ceramics P.J.S.C. ("the Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter (contd)

Valuation of investment properties

Investment properties represented 15% of total assets as at 31 December 2024. Investment properties are measured in accordance with the cost model described in International Accounting Standard 40 Investment Properties. Management obtained valuations from independent external valuers for the purposes of identifying impairment indicators and compiling fair value disclosures.
The valuation of investment properties, as detailed in Note 18, requires significant judgements and estimates to be made by both management and the independent external valuers. Consequently, we considered this to be a key audit matter.

How our audit addressed the key audit matters

We obtained an understanding of management's process of valuing investment properties. Further, we performed the following:

- We evaluated the design and determined the implementation of relevant controls over the determination of the fair value of investment property to determine if they had been appropriately designed and implemented;
- We assessed the competence, skills, qualifications and objectivity of the independent external valuer;
- We reviewed the scope of the engagement between the external valuer and the Group to determine if this was sufficient for audit purposes;
- We verified the accuracy, completeness and relevance of the input data used for deriving fair values;
- We utilized our internal valuation specialists to evaluate on a sample basis the methodology used and the appropriateness of the model and key assumptions used in the investment property valuations;
- We tested the mathematical accuracy of the valuations on a sample basis;
- We agreed the results of the valuations to the amounts disclosed in the consolidated financial statements; and
- We assessed the adequacy of disclosures included in the consolidated financial statements against the requirements of IFRSs.

Other information

The Board of Directors and management is responsible for the other information. The other information comprises the annual report of the Group. We obtained the Directors' report prior to the date of this auditor's report and the remaining information of the annual report is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained up to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining information of the annual report of the Group, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Independent auditors' report (contd.)

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB and their preparation in compliance with the applicable provisions of the Articles of Association of the Company and UAE Federal Decree Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Decree Law No. (32) of 2021, we report that for the year ended 31 December 2024:

I. we have obtained all the information we considered necessary for the purposes of our audit;

II. the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. (32) of 2021;

III. the Group has maintained proper books of account;

IV. the financial information included in the report of the Directors is consistent with the books of account of the Group;

V. as disclosed in Note 32 to consolidated financial statements, the Group has purchased or invested in shares during the year ended 31 December 2024;

VI. Note 21 to the consolidated financial statements discloses material related party transactions and balances and the terms under which they were conducted;

VII. based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Decree Law No. (32) of 2021 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2024; and

VIII. Note 7 to the consolidated financial statements discloses the social contributions made during the financial year ended 31 December 2024.

Deloitte & Touche (M.E.)

Signed by:

Mohammad Jallad
Registration No. 1164

12 February 2025
Dubai, United Arab Emirates

Consolidated statement of profit or loss

for the year ended 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Revenue	5	**3,232,019**	**3,457,758**
Cost of sales	6	**(1,962,271)**	**(2,148,862)**
Gross profit		**1,269,748**	**1,308,896**
Administrative and general expenses	7	(233,785)	(244,560)
Selling and distribution expenses	8	(686,735)	(685,518)
Other operating income	9	84,422	118,804
Finance costs	10	(126,247)	(119,169)
Finance income	10	9,107	6,685
Loss on net monetary position	35	(7,038)	(4,210)
Share of (loss)/profit in equity accounted investees	11	(197)	1,266
Impairment loss	7(i)	(32,638)	(36,728)
Profit before tax		**276,637**	**345,466**
Tax Expenses	12	(42,555)	(24,611)
Profit for the year		**234,082**	**320,855**
Profit attributable to:			
Owners of the Company		221,094	290,947
Non-controlling interests		12,988	29,908
Profit for the year		**234,082**	**320,855**
Earnings per share - basic and diluted (AED)	13	0.22	0.29

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

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Profit for the year	**234,082**	**320,855**
Other comprehensive income		
Items that may be reclassified subsequently to (loss) or profit:		
Foreign exchange differences on translation of foreign operations	(29,152)	(27,932)
Cash flow hedges – effective portion of changes in fair value loss on hedging instruments	(6,139)	(8,844)
Effects of application of hyperinflation accounting (refer Note 35)	24,587	12,276
Total comprehensive income for the year	**223,378**	**296,355**
Total comprehensive income attributable to:		
Owners of the Company	217,257	271,871
Non-controlling interests	6,121	24,484
Total comprehensive income for the year	**223,378**	**296,355**

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

Consolidated statement of financial position

as at 31 December 2024

	Notes	2024 AED'000	2023 AED'000
Assets			
Non-current assets			
Property, plant and equipment	14	1,328,102	1,354,744
Goodwill	15	120,122	120,135
Right-of-use assets	16	111,064	87,632
Intangible assets	17	12,545	14,932
Investment properties	18	897,479	900,742
Investments in equity accounted investees	11	10,282	11,332
Long-term receivables	19	18,859	21,556
Derivative financial assets	22	1,938	4,277
Deferred tax assets	12	5,638	6,041
Total non-current assets		**2,506,029**	**2,521,391**
Current assets			
Inventories	20	1,355,912	1,301,903
Trade and other receivables	19	1,128,367	1,185,292
Due from related parties	21	54,200	60,417
Derivative financial assets	22	4,799	7,462
Bank deposits with an original maturity of more than three months	23	2,061	41,381
Cash and cash equivalents	23	200,548	239,245
Total current assets		**2,745,887**	**2,835,700**
Total assets		**5,251,916**	**5,357,091**
Equity and liabilities			
Capital and reserves			
Share capital	24	993,703	993,703
Reserves	24	1,242,004	1,240,552
Equity attributable to owners of the Company		2,235,707	2,234,255
Non-controlling interests	25	95,335	134,495
Total equity		**2,331,042**	**2,368,750**
Non-current liabilities			
Islamic bank financing	26a(ii)	248,225	296,674
Interest bearing bank financing	26b(ii)	636,689	620,998
Due to related parties	21	3,186	2,163
Provision for employees' end of service benefits	29	113,702	118,453
Government grants	30	4,086	-
Lease liabilities	27	89,157	67,804
Deferred tax liabilities	12	20,742	29,973
Total non-current liabilities		**1,115,787**	**1,136,065**
Current liabilities			
Islamic bank financing	26a(i)	218,631	317,399
Interest bearing bank financing	26b(i)	490,068	463,765
Trade and other payables	28	837,068	817,704
Government grants	30	426	-
Due to related parties	21	36,963	44,939
Derivative financial liabilities	22	390	4,296
Lease liabilities	27	37,117	32,846
Provision for taxation	12	184,424	171,327
Total current liabilities		**1,805,087**	**1,852,276**
Total liabilities		**2,920,874**	**2,988,341**
Total equity and liabilities		**5,251,916**	**5,357,091**

To the best of our knowledge the consolidated financial statements present fairly in all respects, the consolidated financial position, consolidated financial performance an consolidated cash flows of the Group as of, and periods presented therein.

Chairman

Chief Executive Officer

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

Consolidated statement of cash flows

for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Operating activities		
Profit for the year before tax	**276,637**	345,466
Adjustments for:		
Share of loss/(profit) in equity accounted investees	**197**	(1,266)
Interest expense	**73,483**	67,092
Profit expense on Islamic financing	**33,114**	38,671
Interest income	**(3,922)**	(5,535)
Profit on wakala deposits	**(141)**	(897)
Interest expense on lease liabilities	**8,294**	7,488
Net change in fair value of derivative financial instruments	**(5,044)**	(253)
Loss on disposal of property, plant and equipment	**621**	62
(Gain) on disposal of investment properties	**(3,627)**	-
Depreciation on property, plant and equipment	**152,292**	143,074
Depreciation on investment properties	**12,403**	10,789
Amortization of intangible assets	**5,413**	5,833
Depreciation of right-of-use assets	**37,677**	35,317
Provision for employees' end-of-service benefits	**20,817**	26,923
Loss on net monetary position	**7,038**	4,210
Allowance for slow moving inventories	**32,584**	46,432
Write-(back)/down of net realizable value of finished goods	**(14,476)**	(12,947)
Allowance for impairment loss on trade receivables	**18,638**	36,728
Initial recognition of investment property (refer note 18)	**-**	(2,500)
Allowance for impairment loss on other receivables	**14,000**	-
	665,998	744,687
Changes in:		
- inventories	**(72,117)**	(26,096)
- trade and other receivables (including long-term portion)	**29,313**	(42,245)
- due from related parties	**1,534**	(17,526)
- trade and other payables	**19,363**	(85,915)
-Government grants	**4,512**	-
- due to related parties	**(7,976)**	4,362
Income tax paid	**(35,932)**	(16,540)
Employees' end-of-service benefits paid	**(25,367)**	(41,757)
Currency translation adjustments	**5,382**	(12,447)
Net cash generated from operating activities	**584,710**	506,523

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

Consolidated statement of cash flows (contd.)

for the year ended 31 December 2024

	2024 AED'000	2023 AED'000
Investing activities		
Additions to property, plant and equipment	**(183,299)**	(273,406)
Proceeds from disposal of property, plant and equipment	**37,471**	11,479
Proceeds from disposal of investment properties	**6,315**	-
Additions to intangible assets	**(1,202)**	(2,078)
Additions to investment property	**(10,069)**	(2,133)
Dividend received from equity accounted investees	**604**	533
Interest received	**3,922**	5,535
Profit received on Wakala deposits	**141**	897
Cash paid for acquisition of further shares in a subsidiary	**(44,000)**	-
Proceeds on maturity of bank deposits with an original maturity of more than three months	**39,320**	75,940
Net cash used in investing activities	**(150,797)**	(183,233)
Financing activities		
Long-term bank financing availed	**318,605**	238,683
Long-term bank financing repaid	**(327,672)**	(241,239)
Long-term Islamic bank financing availed	**70,000**	45,000
Long-term Islamic bank financing repaid	**(126,063)**	(105,330)
Short-term bank financing availed	**1,011,700**	615,187
Short-term bank financing repaid	**(917,721)**	(636,626)
Short-term Islamic bank financing availed	**433,656**	506,977
Short-term Islamic bank financing repaid	**(524,810)**	(489,969)
Due to Related Parties Long Term Loans	**1,023**	(1,101)
Due to Related Parties Long Term Loans-Current portion	**-**	1,082
Interest paid	**(73,483)**	(67,092)
Profit paid on Islamic bank financing	**(33,114)**	(38,671)
Repayment of lease liabilities	**(44,729)**	(36,310)
Remuneration paid to Board of Directors	**-**	(3,444)
Dividend paid	**(198,741)**	(198,741)
Dividend paid to non-controlling interests	**(18,345)**	(23,429)
Net cash used in financing activities	**(429,694)**	(435,023)
Net decrease in cash and cash equivalents	**4,219**	(111,733)
Cash and cash equivalents at the beginning of the year	**130,895**	242,628
Net cash and cash equivalents at the end of the year	**135,114**	130,895
Represented by:		
Cash and cash equivalents (refer Note 23)	**200,548**	239,245
Bank overdraft	**(65,434)**	(108,350)
	135,114	130,895

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

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Attributable to owners of the Company					Attributable to owners of the Company							
		Reserves				Reserves							
	Share Capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hyper-inflation reserve AED'000	Hedging reserve AED'000	General reserve AED'000	Capital reserve AED'000	Retained earnings AED'000	Total reserves AED'000	Total AED'000	Non-controlling interests (NCI) AED'000	Total equity AED'000
Balance at 31 December 2023	**993,703**	**221,667**	**579,112**	**(196,569)**	**(162,835)**	**11,738**	**82,805**	**75,040**	**629,594**	**1,240,552**	**2,234,255**	**134,495**	**2,368,750**
Total comprehensive income/(loss) for the year													
Profit for the year	-	-	-	-	-	-	-	-	221,094	221,094	221,094	12,988	234,082
Other comprehensive income/(loss)													
Foreign exchange differences on translation of foreign operations	-	-	-	(7,114)	(15,171)	-	-	-	-	(22,285)	(22,285)	(6,867)	(29,152)
Changes in cash flow hedges	-	-	-	-	-	(6,139)	-	-	-	(6,139)	(6,139)	-	(6,139)
Effects of application of IAS 29 (refer note 35)	-	-	-	-	24,587	-	-	-	-	24,587	24,587	-	24,587
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(7,114)**	**9,416**	**(6,139)**	**-**	**-**	**221,094**	**217,257**	**217,257**	**6,121**	**223,378**
Other equity movements													
Transfer to retained earnings (refer note 24(iii) & (vii))	-	-	(82,260)	-	-	-	(82,805)	-	165,065	-	-	-	-
Transaction with owners													
Dividend paid (refer Note 24 (ix))	-	-	-	-	-	-	-	-	(198,741)	(198,741)	(198,741)	-	(198,741)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(18,345)	(18,345)
Acquisition of NCI	-	-	-	-	-	-	-	-	(17,064)	(17,064)	(17,064)	(26,936)	(44,000)
Balance at 31 December 2024	**993,703**	**221,667**	**496,852**	**(203,683)**	**(153,419)**	**5,599**	**-**	**75,040**	**799,948**	**1,242,004**	**2,235,707**	**95,335**	**2,331,042**

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 these consolidated financial statements.

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

Consolidated statement of changes in equity (contd.)

for the year ended 31 December 2024

	Attributable to owners of the Company												
		Reserves											
	Share Capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hyper-inflation reserve AED'000	Hedging reserve AED'000	General reserve AED'000	Capital reserve AED'000	Retained earnings AED'000	Total reserves AED'000	Total AED'000	Non-controlling interests (NCI) AED'000	Total equity AED'000
Balance at 31 December 2022	**993,703**	**221,667**	578,603	(182,291)	(166,881)	**20,582**	**82,805**	**75,040**	**541,341**	**1,170,866**	**2,164,569**	**133,440**	**2,298,009**
Total comprehensive income/(loss) for the year													
Profit for the year	-	-	-	-	-	-	-	-	290,947	290,947	290,947	29,908	320,855
Other comprehensive income/(loss)													
Foreign exchange differences on translation of foreign operations	-	-	-	(14,278)	(8,230)	-	-	-	-	(22,508)	(22,508)	(5,424)	(27,932)
Changes in cash flow hedges	-	-	-	-	-	(8,844)	-	-	-	(8,844)	(8,844)	-	(8,844)
Effects of application of IAS 29 (refer note 35)	-	-	-	-	12,276	-	-	-	-	12,276	12,276	-	12,276
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**(14,278)**	**4,046**	**(8,844)**	**-**	**-**	**290,947**	**271,871**	**271,871**	**24,484**	**296,355**
Other equity movements													
Transfer to legal reserve	-	-	509	-	-	-	-	-	(509)	-	-	-	-
Directors' remuneration (refer note 24 (x))	-	-	-	-	-	-	-	-	(3,444)	(3,444)	(3,444)	-	(3,444)
Transaction with owners													
Dividend paid (refer Note 24 (ix))	-	-	-	-	-	-	-	-	(198,741)	(198,741)	(198,741)	-	(198,741)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(23,429)	(23,429)
Balance at 31 December 2023	**993,703**	**221,667**	**579,112**	**(196,569)**	**(162,835)**	**11,738**	**82,805**	**75,040**	**629,594**	**1,240,552**	**2,234,255**	**134,495**	**2,368,750**

* 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 these consolidated financial statements.

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

Notes to the consolidated financial statements

for the year ended 31 December 2024

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 Jazeerah Al Hamra City, Ras Al Khaimah, United Arab Emirates. The Company undertakes business and operations under the Industrial License number 20 issued by the Ras Al Khaimah Economic Zone (RAKEZ) under the Government of Ras Al Khaimah, UAE. The Company is listed on Abu Dhabi Securities Exchange, UAE.

These consolidated financial statements as at and for the year ended 31 December 2024 comprise the financial statements of the Company and its subsidiaries (collectively referred to as "the Group" and individually as "the Group entities") and the Group's interest in equity accounted investees. The Group's subsidiaries and equity accounted investees, their principal activities and the Group's interest have been disclosed in Note 36 to these consolidated financial statements.

The principal activities of the Group are manufacturing and sale of a variety of ceramic products including tiles, bathroom sets, sanitary wares, table wares and faucets. The Company and certain entities in the Group are also engaged in investing in other entities, in the 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.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS")

2.1 New and revised IFRS Accounting Standards applied by the Group

In the previous financial year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2024. The application of these amendments to IFRS Accounting Standards 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.

- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) - The amendment clarifies how a seller- lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
- Non-current Liabilities with covenants (Amendments to IAS 1) - The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 ' Investments in Associates and Joint Ventures' (Effective date deferred indefinitely, available for early adoption).
- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) related disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- IAS 1 'Presentation of Financial Statements' – Amendments on classifications of liabilities.
- Disclosure requirements (under IFRS 19) an eligible subsidiary is permitted to apply, instead of the disclosure requirements required in other IFRSs.

Other than the above, there are no significant IFRS Accounting Standards and amendments that were effective for the first time for the financial year beginning on or after 1 January 2024.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ACCOUNTING STANDARDS") (CONTINUED)

2.2 New and revised IFRS and interpretations but not yet effective

The Group has not early adopted the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

- Amendment to IFRS 17 - comparative information at first time adoption of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments.
- Amendments to IAS 21: (Lack of Exchangeability) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.
- IFRS 18 Presentation and disclosures in financial statements - The new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. (effective 1 January 2027).
- IFRS 19 subsidiaries without Public Accountability: Disclosures – the new standard specifies reduced disclosure requirements to eligible entities instead of full disclosure requirements in other standards. (effective 1 January 2027).
- 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).
- The International Sustainability Standards Board (ISSB) has issued amendments to the Sustainability Accounting Standards Board (SASB) standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions, without substantially altering industries, topics or metrics (effective from 1 January 2025).

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards and amendments will have no material impact on the consolidated financial statement of the Group in the period of initial application.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

3. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") and comply with the Articles of Association of the Company as well as the UAE Federal Law No. (32) of 2021 (as amended) and Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("UAE CT Law"). Details of the Group's accounting policies are included in Note 4.

(b) Basis of measurement

These consolidated financial statements have been prepared using the historical cost convention except for certain financial instruments which are carried at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

(c) Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors which are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by the management on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described in Note 37.

(e) Measurement of fair values

Fair value is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

3. BASIS OF PREPARATION (CONTD.)

(e) Measurement of fair values (Continued)

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(f) Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and the Group entities controlled by the Company (its Subsidiaries) made up to 31 December each year.

Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement and consolidated statement of other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

3. BASIS OF PREPARATION

(f) Basis of consolidation (Continued)

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are the present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS Accounting Standards.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if those interests were disposed of.

(b) Goodwill

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. A deferred tax liability is recognized where applicable on the carrying value of goodwill recognized in a period prior to the inception of a tax regime.

(c) Interests in equity accounted investees

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Interests in equity accounted investees (continued)

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(d) Hyperinflation

The financial statements of subsidiary companies whose functional currency is the currency of a hyperinflationary economy are adjusted for inflation in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, prior to their translation to AED for its consolidation into the consolidated financial statements. Amounts shown for prior years for comparative purposes are not restated at consolidation level as the presentation currency of the Group is not that of a hyperinflationary economy. On consolidation, the effect of price changes in the prior periods on the financial statements of the subsidiary is recognized in other comprehensive income and presented in the hyperinflation reserve in equity.

The financial statements of subsidiaries whose functional currency is the currency of a hyperinflationary economy are adjusted to reflect the changes in purchasing power of the local currency, such that all items in the statement of financial position not expressed in current terms (non-monetary items) are restated by applying a general price index at the reporting date and all income and expenses are restated quarterly by applying appropriate conversion factors. The difference from initial adjusted amounts is taken to profit or loss.

When a functional currency of a subsidiary ceases to be hyperinflationary, the Group discontinues hyperinflation accounting in accordance with IAS 29 for annual periods ending on or after the date that the economy is identified as being non-hyperinflationary. The amounts expressed in the measuring unit current at the end of the last period in which IAS 29 was applied are used as the basis for the carrying amounts in subsequent financial statements.

To determine the existence or cessation of hyperinflation, the Group assesses the qualitative characteristics of the economic environment of the country, such as the trends in inflation rates over the preceding 36 months to the reporting date.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Foreign currencies

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve. Foreign currency translation differences pertaining to hyperinflationary economies are recorded in the hyperinflation reserve in equity.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate. Exchange differences arising at the time of translation are recognized in other comprehensive income.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method resulting in any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

Amortized cost and effective interest method (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses'.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on other receivables, due from related parties and trade receivables as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group estimates impairment allowances using the general or simplified approach. Under the general approach, the Group applies a three-stage approach to estimate allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the financial assets that are not measured at FVTPL or FVTOCI. Financial assets migrate through three stages based on the change in credit risk since initial recognition.

The three stage ECL model is based on the change in credit quality of financial assets since initial recognition:

- Under Stage 1, where there has not been a significant increase in credit risk since initial recognition, an amount equal to 12 months ECL will be recorded.
- Under Stage 2, where there has been a significant increase in credit risk since initial recognition but the financial instruments are not considered as credit impaired, an amount equal to the default probability-weighted lifetime ECL will be recorded.
- Under the Stage 3, where there is objective evidence of impairment at the reporting date these financial instruments are classified as credit impaired and an amount equal to the lifetime ECL will be recorded for the financial assets.

ECLs under the general approach, are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Under the simplified approach, the Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Impairment allowances are always measured at an amount equal to lifetime ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where appropriate.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, hedges of certain interest rate and commodity derivatives as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) and interest rate swap contracts as the hedging instrument for all of its hedging relationships involving forward/interest rate swap contracts.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses'.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, foreign exchange rate and commodity price risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial instruments (continued)

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

Financial liabilities and equity

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(g) Property, plant and equipment

Recognition and measurement

Items of property plant and equipment (except land and capital work in progress) are measured at cost less accumulated depreciation and identified impairment losses (see accounting policy on impairment), if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- capitalized borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in the profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at its carrying value at the time of reclassification considering that the accounting policy for investment property is the 'Cost Model' in accordance with IAS 40.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment (except land and capital work in progress) less their estimated residual values using the straight-line method over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	life (years)
Buildings	20-35
Plant and equipment	4-15
Vehicles	3-10
Furniture and fixtures	3-10
Office equipment	2-10
Roads and asphalting	5-10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Capital work in progress

Capital work in progress is stated at cost less impairment, if any, until the construction is completed. Upon completion of construction, the cost of such assets together with the cost directly attributable to construction, including capitalized borrowing costs are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Intangible assets

Recognition and measurement

Other intangible asset, which are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and identified impairment losses, if any. Trademarks are initially measured at the purchase cost and are amortized on a straight-line basis over their estimated lives.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives of 5 to 15 years from the date that they are available for use, and is generally recognized in profit or loss. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or rendering services or for administrative purposes.

Investment properties are accounted for using the "Cost Model" under IAS 40 "Investment Property" and is stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of buildings is charged over its estimated useful life of 20 to 35 years. Investment properties are individually tested for impairment, at least annually, based on their prevailing fair market values. Any impairment of the carrying value is charged to profit or loss.

Cost includes expenditure which is directly attributable to the acquisition of the investment property. The cost of self-constructed investment properties includes the cost of materials and direct labour,any other costs directly attributable to bringing the investment property to a working condition for their intended use, and capitalized borrowing costs.

The cost of investment properties acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets, comprises the fair value of the asset received or asset given up. If the fair value of the asset received and asset given up can be measured reliably, the fair value of the asset given up is used to measure cost, unless the fair value of the asset received is more clearly evident. Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

When the use of properties changes such that it is reclassified as property, plant and equipment or inventory, the transfer is effected at the carrying value of such property at the date of reclassification.

(k) Leases

At inception of the contract, the Group assesses whether a contract is or contains a lease. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- 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 liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate. If the change in lease payments is due to a change in a floating interest rate, then the discount rate is also revised.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Leases (continued)

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Leased assets

Leases of assets that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognized in the Group's consolidated statement of financial position

(l) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment or more frequently if there are indicators that goodwill might be impaired. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually or whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(m) Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognized for the asset in prior years.

(n) Employee benefits

Short- term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

UAE national employees of the Group in the UAE are members of the Government-managed retirement pension and social security benefit scheme pursuant to U.A.E. labour law no. 7 of 1999. The Group is required to contribute 12.5% of the "contribution calculation salary" of payroll costs to the retirement benefit scheme to fund the benefits. The employees and the Government contribute 5% and 2.5% of the "contribution calculation salary" respectively, to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to profit or loss.

Annual leave and leave passage

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year. Employees may apply for leave in advance. The amount payable to employees at the commencement of their approved leave is recognized as a current liability.

Terminal benefits

The provision for staff terminal benefits is based on the liability which would arise if the employment of all staff was terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law and the relevant local laws applicable to overseas subsidiaries. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

(o) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, if it is virtually certain that such reimbursement will be received and the amount of the receivable can be measured reliably, a receivable is recognized as an asset.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(p) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

(q) Assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

(r) Revenue

The Group recognizes revenue mainly from the sale of goods consisting of tiles, sanitary wares, tableware, faucets and related items. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

For sales of goods to the wholesale market, revenue is recognized when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to retail customers, revenue is recognized when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Group has a right to recover the product when customers exercise their right of return. Consequently, the Group recognizes a right to return goods asset and a corresponding adjustment to cost of sales. The Group uses its past experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

Rendering of services

Revenue is recognized as services are provided. Invoices for services are issued when the Group provides services and are payable in accordance with the credit terms or agreements.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(r) Revenue (Continued)

Dividend income

Dividend income is recognized in profit or loss on the date that the Group's right to receive the payment is established.

(s) Finance income and finance costs

Finance income comprises interest income on bank deposits, profit on wakala deposits and amount due from related parties. Finance income is recognized in profit or loss as it accrues, using the effective interest rate method.

Finance cost comprises interest expense on bank borrowings, profit expense on Islamic financing and bank charges. All finance costs are recognized in profit or loss using the effective interest rate method. However, borrowing costs which are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of that asset.

A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

(t) Tax

The income tax expense represents the sum of the tax on current year income and current year deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(t) Tax (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Zakat

In respect of operations in certain subsidiaries, zakat is provided in accordance with relevant fiscal regulations. Zakat is recognized in profit or loss except to the extent it relates to items recognized directly in equity, in which case it is recognized in equity.

The provision for zakat is charged to profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which the assessment is finalized.

(u) Basic and diluted earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(v) 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.

(w) Government grants

Government grants are accounted for when there is reasonable assurance that the Group can comply with the conditions attached to the grant and the grant will be received. Government grants are recognized as deferred income and are systematically amortized to the income statement over the useful life of the underlying asset.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

5. REVENUE

	2024 AED'000	2023 AED'000
Sale of goods	**3,228,135**	3,442,507
Others	**3,884**	15,251
	3,232,019	3,457,758

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

(a) Disaggregation of revenue by geographical markets

31 December 2024	**Ceramic Products AED'000**	**Faucets AED'000**	**Other Industrial AED'000**	**Others AED'000**	**Total AED'000**
Middle East (ME)	**1,456,599**	**117,407**	**29,907**	**1,653**	**1,605,566**
Europe	**462,282**	**284,273**	**-**	**-**	**746,555**
Asian countries	**616,190**	**8,706**	**38,618**	**2,231**	**665,745**
Other regions	**199,377**	**7,115**	**7,661**	**-**	**214,153**
	2,734,448	**417,501**	**76,186**	**3,884**	**3,232,019**

31 December 2023	Ceramic Products AED'000	Faucets AED'000	Other Industrial AED'000	Others AED'000	Total AED'000
Middle East (ME)	1,493,771	116,541	20,455	13,536	1,644,303
Europe	508,589	294,671	-	-	803,260
Asian countries	675,820	13,657	68,019	1,715	759,211
Other regions	238,749	6,250	5,985	-	250,984
	2,916,929	431,119	94,459	15,251	3,457,758

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

6. COST OF SALES

	2024 AED'000	2023 AED'000
Raw materials consumed	**1,006,216**	1,157,999
Direct labor	**276,315**	289,132
Power and fuel	**132,365**	148,871
Depreciation on property, plant and equipment (refer Note 14)	**120,971**	114,660
LPG and natural gas	**120,569**	215,670
Repairs and maintenance	**111,456**	116,206
Packing material	**95,322**	105,712
Allowance for slow moving inventories – net (refer Note 20)	**32,584**	46,432
Insurance	**6,593**	7,198
Clearing charges on trading goods	**4,535**	3,688
Depreciation of right-of-use assets (refer Note 16)	**1,648**	2,796
Hire charges on machinery & equipment	**2,187**	2,631
Amortization of intangible assets (refer Note 17)	**1,083**	1,163
Increase/(decrease) in inventory of finished goods	**(6,708)**	(104,110)
Other Costs	**57,135**	40,814
	1,962,271	2,148,862

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

7. ADMINISTRATIVE AND GENERAL EXPENSES

	2024 AED'000	2023 AED'000
Staff salaries and other associated costs	**111,498**	108,397
Depreciation on property, plant and equipment (refer Note 14)	**14,256**	12,434
Legal and professional fees	**14,225**	18,611
Depreciation on investment properties (refer Note 18)	**12,403**	10,789
Information technology licenses and consultancy expenses	**12,332**	16,320
Repairs and maintenance	**8,152**	8,605
Expenses on investment properties (refer Note 18(iii))	**6,743**	10,232
Telephone, postal and office supplies	**6,126**	10,460
Utility expenses	**5,362**	5,816
Amortization of intangible assets (refer Note 17)	**4,330**	4,670
Directors' remuneration	**3,700**	3,700
Rental	**2,394**	2,112
Insurance	**2,781**	2,672
Travelling	**2,180**	3,069
Security charges	**1,645**	1,391
Vehicles and equipment hire charges	**868**	3,697
Depreciation of right-of-use assets (refer Note 16)	**686**	688
Social contribution expenses	**682**	2,045
Loss on disposal of property, plant and equipment	**621**	62
Other Administrative expenses	**22,801**	18,790
	233,785	244,560

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

7(i). IMPAIRMENT LOSS/(REVERSAL)

	2024 AED'000	2023 AED'000
Impairment loss on trade receivables (refer Note 19)	**22,638**	**36,728**
Reversal on trade receivables (Refer note 19)	**(4,000)**	-
Impairment loss on other receivables (refer Note 19)	**14,000**	-
	32,638	36,728

8. SELLING AND DISTRIBUTION EXPENSES

	2024 AED'000	2023 AED'000
Freight, duty and transportation	**246,086**	260,207
Staff salaries and other associated costs	**232,909**	222,697
Advertisement and promotion	**71,629**	77,203
Depreciation of right-of-use assets (refer Note 16)	**35,343**	31,833
Agents' commission	**25,846**	24,380
Depreciation on property, plant and equipment (refer Note 14)	**17,065**	15,980
Travel and entertainment	**7,166**	11,757
Rental expenses	**5,300**	3,588
Repairs, maintenance and consumables	**3,314**	3,612
Consultancy and outsourcing Charges	**3,266**	4,880
Postal, courier charge and stationary	**3,124**	3,120
Vehicle maintenance	**2,816**	2,577
Royalty	**2,029**	735
Product Development and Innovation	**808**	2,094
Testing and certification charges	**849**	645
Other selling expenses	**29,185**	20,210
	686,735	685,518

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

9. OTHER OPERATING INCOME

	2024 AED'000	2023 AED'000
Rental income from investment properties (refer Note 18(iii))	**47,400**	42,058
Sale of scrap and miscellaneous items	**7,736**	7,455
Discounts earned on purchases and freight	**7,323**	12,293
Gain on disposal of investment properties	**3,627**	-
Insurance claims	**1,416**	3,232
Lease rental for property plant & equipment	**1,238**	1,532
Freight income	**1,234**	3,582
Duty draw back and subsidy received	**618**	1,950
Provisions write back	**27**	17,985
Old customer credit balances written back/supplier balances written off	**-**	15,760
Other miscellaneous income	**13,803**	12,957
	84,422	118,804

10. FINANCE COSTS AND INCOME

	2024 AED'000	2023 AED'000
Finance costs		
Interest on bank financing	**73,181**	66,786
Profit expense on Islamic financing	**33,114**	38,671
Interest expense on lease liabilities	**8,294**	7,488
Net foreign exchange loss	**7,318**	1,640
Bank charges	**4,038**	4,278
Interest on amount due to related parties (refer Note 21 (B))	**302**	306
Total (A)	**126,247**	119,169
Finance Income		
Net change in the fair value of derivatives	**5,044**	253
Interest on bank deposits	**3,922**	5,535
Profit on wakala deposits	**141**	897
Total (B)	**9,107**	6,685
Net finance costs (A-B)	**117,140**	112,484

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Movement in investments in equity accounted investees is set out below:

	2024 AED'000	2023 AED'000
Balance at 1 January	**11,332**	10,587
Share of (loss)/profit net	**(197)**	1,266
Dividend income during the year	**(604)**	(533)
Effect of movement in exchange rates	**(249)**	12
Balance at 31 December	**10,282**	11,332

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

11. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (CONTD.)

The following summarizes the information relating to the Group's investments in equity accounted investees:

	2024 AED'000	2023 AED'000
Non-current assets	**9,884**	11,727
Current assets	**31,670**	33,229
Non-current liabilities	**(9,420)**	(9,491)
Current liabilities	**(9,240)**	(10,478)
Net assets	**22,894**	24,987
Group's share of net assets	**10,282**	11,332
Revenue	**44,522**	43,587
Net Profit	**2,407**	3,582
Group's share of (loss)/profit	**(197)**	1,266
Dividend received by the Group	**604**	533

Details of interest in equity accounted investees are disclosed in Note 37. Equity accounted investees include Massa Imports, Australia (50%) and Naranjeee Hirjee Hotel Supplies, Oman (25%)

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

12. CORPORATE INCOME TAX

Operations of the Group are liable to corporate taxes in the respective jurisdictions at prevailing tax rates. The corporate taxes are payable on the total income of the operations after making adjustments for certain disallowable expenses, exempt income and investment and other allowances.

	2024 AED'000	2023 AED'000
Current tax		
In respect of current year	**51,513**	20,668
Deferred tax		
(Origination) and reversal of temporary tax differences during the year	**(8,958)**	3,943
Tax expense for the year	**42,555**	24,611
Tax assets/liabilities		
Provision for tax	**184,424**	171,327
Deferred tax liabilities	**20,742**	29,973
Deferred tax assets	**5,638**	6,041

The Group's consolidated effective tax rate is 15.38% (2023: 7.12%). The increase is mainly due to the 9% UAE Corporate Tax which became effective from 1 January 2024.

The International Tax Reforms under Pillar Two Model Rules apply in certain jurisdictions where the Group operates. Recently, the authorities in the UAE have notified applicability of Domestic Top-up Tax of 15% on qualifying multi-national companies in the UAE effective from 1 January 2025. The Group is evaluating the impact of the introduction of the Domestic Top-up Tax on its future financial results.

The Group had recognized a deferred tax expense of AED 4.53 million during the year 2023 being the initial recognition of a deferred tax liability on the purchase price allocation adjustments on a corporate transaction completed in a prior accounting period, as required by IFRS Accounting Standards. Considering the applicability of Global Minimum Tax of 15% in the UAE, the Group has recognized the differential deferred tax liability of 6%, amounting to AED 3.02 million, on the purchase price allocation adjustments.

13. EARNING PER SHARE

	2024	2023
Profit attributable to the owners of the Company (AED'000)	**221,094**	290,947
Weighted average number of ordinary shares ('000s)	**993,703**	993,703
Basic and diluted earnings per share (AED)	**0.22**	0.29

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings AED'000	Plant and equipment AED'000	Vehicles AED'000	Furniture and fixtures AED'000	Office equipment AED'000	Road and asphalting AED'000	Capital work in progress AED'000	Total AED'000
Cost								
Balance at 1 January 2023	813,673	2,776,845	52,558	155,745	78,325	28,035	92,804	3,997,985
Hyperinflation impact (refer Note 35)	-	73,826	1,332	304	273	742	(17)	76,460
Additions during the year	11,969	15,704	5,014	7,324	5,237	1,965	226,193	273,406
Transfer from capital work in progress	17,838	124,962	(283)	2,297	315	1,541	(146,670)	-
Transfer to intangible/investment properties	(11,787)	-	–	-	-	-	-	(11,787)
Disposals/write offs	(3,108)	(195,454)	(2,833)	(3,311)	(1,335)	-	(1)	(206,042)
Effect of movements in exchange rates	1,365	(66,580)	(913)	3,100	437	(554)	(1,130)	(64,275)
Balance at 31 December 2023	**829,950**	**2,729,303**	**54,875**	**165,459**	**83,252**	**31,729**	**171,179**	**4,065,747**
Balance at 1 January 2024	**829,950**	**2,729,303**	**54,875**	**165,459**	**83,252**	**31,729**	**171,179**	**4,065,747**
Hyperinflation impact (refer Note 35)	**-**	**168,486**	**3,070**	**565**	**579**	**1,695**	**-**	**174,395**
Additions during the year	**5,948**	**24,754**	**2,198**	**10,741**	**5,610**	**1,955**	**132,093**	**183,299**
Transfer from capital work in progress	**24,594**	**185,600**	**386**	**4,370**	**1,586**	**33**	**(216,569)**	**-**
Transfer to investment properties	**-**	**-**	**-**	**-**	**-**	**-**	**(1,830)**	**(1,830)**
Disposals/write offs	**(31,484)**	**(47,418)**	**(2,367)**	**(5,500)**	**(2,376)**	**-**	**(14,716)**	**(103,861)**
Effect of movements in exchange rates	**(15,838)**	**(153,086)**	**(2,195)**	**(5,686)**	**(2,038)**	**(1,280)**	**(3,238)**	**(183,361)**
Balance at 31 December 2024	**813,170**	**2,907,639**	**55,967**	**169,949**	**86,613**	**34,132**	**66,919**	**4,134,389**
Accumulated depreciation and impairment								
Balance at 1 January 2023	374,251	2,110,784	43,829	134,891	70,591	20,239	-	2,754,585
Hyperinflation impact (refer Note 35)	-	70,730	1,329	259	215	688	-	73,221
Charge for the year	26,141	100,678	2,699	7,619	4,904	1,033	-	143,074
Disposals/write offs	(5,741)	(181,806)	(3,170)	(2,568)	(1,214)	-	-	(194,499)
Transfer to investment properties	(9,026)	-	-	-	-	-	-	(9,026)
Effect of movements in exchange rates	(1,009)	(57,012)	(970)	2,700	422	(483)	-	(56,352)
Balance at 31 December 2023	**384,616**	**2,043,374**	**43,717**	**142,901**	**74,918**	**21,477**	**-**	**2,711,003**
Balance at 1 January 2024	**384,616**	**2,043,374**	**43,717**	142,901	74,918	21,477	-	2,711,003
Hyperinflation impact (refer Note 35)	**-**	**160,691**	**3,070**	498	477	1,591	-	166,327
Charge for the year	**28,704**	**105,770**	**3,058**	8,295	5,350	1,115	-	152,292
Disposals/write offs	**(19,911)**	**(36,637)**	**(2,113)**	(4,818)	(2,290)	-	-	(65,769)
Effect of movements in exchange rates	**(6,121)**	**(141,083)**	**(2,895)**	(4,814)	(1,563)	(1,090)	-	(157,566)
Balance at 31 December 2024	**387,288**	**2,132,115**	**44,837**	**142,062**	**76,892**	**23,093**	**-**	**2,806,287**
Carrying amount								
31 December 2024	**425,882**	**775,524**	**11,130**	**27,887**	**9,721**	**11,039**	**66,919**	**1,328,102**
31 December 2023	445,334	685,929	11,158	22,558	8,334	**10,252**	171,179	1,354,744

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

The depreciation charge has been allocated as follows:

	2024 AED'000	2023 AED'000
Cost of sales (refer Note 6)	**120,971**	114,660
Administrative and general expenses (refer Note 7)	**14,256**	12,434
Selling and distribution expenses (refer Note 8)	**17,065**	15,980
	152,292	143,074

(i) Land and buildings

Certain of the Group's factory buildings are constructed on plots of land measuring 46,634,931 sq.ft. which were received without cost from the Government of Ras Al Khaimah under an Emiri Decree.

(ii) Capital work-in-progress

Capital work in progress mainly comprises building structures under construction and heavy equipment, machinery and software under installation.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

15. GOODWILL

	2024 AED'000	2023 AED'000
Balance as at 1 January	**120,135**	119,855
Add: effect of movements in exchange rate	**(13)**	280
Balance as at 31 December	**120,122**	120,135

As at 31 December 2024, Goodwill comprises AED 50.4 million, AED 5.6 million, AED 5.6 million, AED 58.5 million recognized on acquisition of Ceramin FZ LLC, UAE and distribution entities in UK, Italy and Saudi Arabia respectively.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

During the current year, management carried out impairment tests based on the "value in use" method of goodwill recognized on the acquisition of subsidiaries. These calculations were based on cash flow projections using forecasted operating results of the respective cash generating units. The key assumptions used to determine the values were as follows:

	2024	2023
Discount rate	**12%-14%**	13%-15.5%
Average annual growth rate	**3%**	3%
Terminal value growth rate	**1%**	1%
Years of forecast	**5 years**	5 years

The discount rate is a weighted average cost of capital that includes pre-tax equity rates measured based on the rate of 20-year US treasury bond, adjusted for country, market, size, company specific risks, etc. to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU and post tax rate to debt.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the cash generating units to which goodwill is allocated. Management believes that a reasonably possible change in key assumptions would not cause the carrying amount to exceed the recoverable amount.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

16. RIGHTS-OF-USE-ASSETS

	Properties AED'000	Vehicles AED'000	Total AED'000
Cost			
Balance at 1 January 2023	172,143	26,370	198,513
Additions during the year	30,862	1,486	32,348
Deletions	(10,752)	-	(10,752)
Effects of movements in exchange rate	(4,524)	(656)	(5,180)
Balance at 31 December 2023	187,729	27,200	214,929
Balance at 1 January 2024	**187,729**	**27,200**	**214,929**
Additions during the year	**63,598**	**2,420**	**66,018**
Deletions	**(14,622)**	**(73)**	**(14,695)**
Effects of movements in exchange rate	**(3,706)**	**(463)**	**(4,169)**
Balance at 31 December 2024	**232,999**	**29,084**	**262,083**
Accumulated depreciation			
Balance at 1 January 2023	83,318	19,498	102,816
Charge for the year	34,136	1,181	35,317
Deletions	(7,518)	-	(7,518)
Effects of movements in exchange rate	(2,794)	(524)	(3,318)
Balance at 31 December 2023	107,142	20,155	127,297
Balance at 1 January 2024	**107,142**	**20,155**	**127,297**
Charge for the year	**35,296**	**2,381**	**37,677**
Deletions	**(10,675)**	**(59)**	**(10,734)**
Effects of movements in exchange rate	**(2,719)**	**(502)**	**(3,221)**
Balance at 31 December 2024	**129,044**	**21,975**	**151,019**
Carrying amount			
31 December 2024	**103,955**	**7,109**	**111,064**
31 December 2023	80,587	7,045	87,632

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

16. RIGHTS-OF-USE-ASSETS (CONTD.)

The depreciation charge has been allocated as follows:

	2024 AED'000	2023 AED'000
Cost of sales (refer Note 6)	**1,648**	2,796
Administrative and general expenses (refer Note 7)	**686**	688
Selling and distribution expenses (refer Note 8)	**35,343**	31,833
	37,677	35,317

The Group leases several assets including showrooms and vehicles. The average lease term is 5 years. The maturity analysis of lease liabilities is disclosed in Note 27.

Amounts recognized in the consolidated statement of profit or loss:

	2024 AED'000	2023 AED'000
Depreciation of right-of-use assets	**37,677**	35,317
Expenses relating to short-term leases / low value assets (Refer Note 7 & 8)	**7,694**	5,700
Interest expense on lease liabilities	**8,294**	7,488

17. INTANGIBLE ASSETS

	2024 AED'000	2023 AED'000
Balance at 1 January	**14,932**	18,545
Additions during the year	**1,202**	2,078
Transfers	**1,830**	-
Amortization for the year (refer Note 6 & 7)	**(5,413)**	(5,833)
Effect of movement in exchange rates	**(6)**	142
Balance at 31 December	**12,545**	14,932

Intangible assets mainly comprise ERP software and trademarks.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

18. INVESTMENT PROPERTIES

	2024 AED'000	2023 AED'000
Cost		
Balance at 1 January	**1,290,485**	1,270,157
Hyperinflation impact (refer Note 35)	**37,816**	16,372
Additions during the year	**10,069**	2,133
Initial recognition of a property (non-cash)	**-**	2,500
Transfer from property plant and equipment	**-**	11,787
Disposal during the year	**(4,263)**	-
Effect of movement in exchange rates	**(26,609)**	(12,464)
Balance at 31 December	**1,307,498**	1,290,485
Accumulated depreciation		
Balance at 1 January	**389,743**	365,966
Hyperinflation impact (refer Note 35)	**29,446**	12,226
Charge for the year (refer Note 7)	**12,403**	10,789
Transfer from property plant and equipment	**-**	9,026
Disposal during the year	**(1,575)**	-
Effect of movement in exchange rates	**(19,998)**	(8,264)
Balance at 31 December	**410,019**	389,743
Carrying amount – at 31 December	**897,479**	900,742
Fair value – at 31 December	**1,094,829**	1,073,390

(i) Investment properties comprise land and buildings that are located in the UAE, Bangladesh, Lebanon and Iran.

(ii) The investment properties are geographically located as below:

	Inside UAE			Outside UAE		Total
December	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
			AED'000			
Net book value	**871,969**	874,982	25,510	25,760	897,479	900,742
Fair value	**1,050,832**	1,025,590	**43,997**	47,800	**1,094,829**	1,073,390

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

18. INVESTMENT PROPERTIES (CONTD.)

(iii) During the year ended 31 December 2024, the Group earned rental income amounting to AED 47.40 million (2023: AED 42.06 million) from its investment properties (refer Note 9) and direct operating expenses incurred on these investment properties amounted to AED 6.74 million (2023: AED 10.23 million) (refer Note 7).

An independent valuation of the fair value of all the Group's properties is undertaken annually. The fair value of the Group's investment properties at 31 December 2024 has been arrived at on the basis of an independent property valuation as of that date. The valuer has appropriate qualifications and recent experience in the valuation of properties in the location and category of the property being valued. The fair value as at 31 December 2024 was AED 1,094.83 million (2023: AED 1,073.39 million).

The fair value measurement has been categorized as a Level 3 fair value based on the inputs to the valuation technique used and in estimating the fair value, the highest and best use of the properties is their current use.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES

	2024 AED'000	2023 AED'000
Trade receivables	**924,937**	1,016,280
Less: Allowance for expected credit loss	**(153,167)**	(170,587)
Subtotal (A)	**771,770**	845,693
Other receivables	**164,552**	189,748
Less: Allowance for expected credit loss	**(83,213)**	(105,588)
Subtotal (B)	**81,339**	84,160
Advances and prepayments (C)	**246,885**	231,988
Deposits (D)	**28,373**	23,451
Total (A+B+C+D)	**1,128,367**	1,185,292

Trade receivables amounting to AED 163.37 million (2023: AED 161.96 million) are subject to a charge in favor of banks against facilities obtained by the Group (refer Note 26(b)(ii)).

No interest is charged on outstanding trade receivables.

Other receivables include receivables due from a Sudanese Group of AED 13.85 million (gross AED 52.99 million) (2023: AED 27.84 million; gross AED 89.27 million). These receivables are partially secured by post-dated cheques.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables is estimated using a loss rate by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES (CONTD.)

Long-term receivables

	2024 AED'000	2023 AED'000
Trade receivables	**71,554**	35,971
Less: Allowance for expected credit loss	**(5,883)**	(4,718)
	65,671	31,253
Less : current portion included in trade receivables	**(50,572)**	(14,874)
Long-term trade receivables (A)	**15,099**	16,379
Other receivables	**3,760**	5,177
Long-term other receivables (B)	**3,760**	5,177
Long-term receivables (A+B)	**18,859**	21,556

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES (CONTD.)

Expected credit loss assessment for trade receivables

The following table provides information about the exposure to credit risk and the loss allowance for trade receivables (including long-term portion) as at 31 December 2024.

	Weighted average loss rate %	Gross carrying amount AED'000	Loss allowance AED'000	Credit impaired
Current (not past due)	**1.9%**	**497,990**	**(9,551)**	**No**
1 – 90 days past due	**3.2%**	**197,927**	**(6,259)**	**No**
91 – 180 days past due	**16.6%**	**43,631**	**(7,255)**	**No**
181 – 360 days past due	**34.9%**	**24,765**	**(8,647)**	**No**
More than 360 days past due	**68.7%**	**185,366**	**(127,338)**	**Yes**
	16.7%	**949,679**	**(159,050)**	

Loss rates are based on actual credit loss experience over the past years and are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on GDP forecasts and industry outlook.

The following table provides information about the exposure to credit risk and the loss allowance for trade receivables as at 31 December 2023.

	Weighted average loss rate %	Gross carrying amount AED'000	Loss allowance AED'000	Credit impaired
Current (not past due)	1.7%	517,480	(8,596)	No
1 – 90 days past due	2.4%	194,998	(4,657)	No
91 – 180 days past due	11.1%	59,906	(6,675)	No
181 – 360 days past due	31.6%	79,592	(25,120)	No
More than 360 days past due	68.3%	190,578	(130,257)	Yes
	16.8%	1,042,554	(175,305)	

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

19. TRADE AND OTHER RECEIVABLES (CONTD.)

Impairment losses

The movement in the allowance for expected credit loss of trade receivables is as follows:

	2024 AED'000	2023 AED'000
At 1 January	**175,305**	212,131
Charge during the year (refer Note 7(i))	**22,638**	36,728
Written off during the year	**(34,615)**	(66,756)
Reversal during the year	**(4,000)**	(6,903)
Effect of movements in exchange rate	**(278)**	105
At 31 December	**159,050**	175,305

The movement in the allowance for expected credit loss on other receivables, including non-current other receivables, is as follows:

	2024 AED'000	2023 AED'000
At 1 January	**105,588**	105,588
Charge during the year (refer Note 7(i))	**14,000**	-
Written off during the year	**(36,375)**	-
At 31 December	**83,213**	105,588

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

20. INVENTORIES

	2024 AED'000	2023 AED'000
Finished goods (net of net realizable value adjustments)	**955,862**	970,675
Less : Allowance for slow-moving inventories	**(136,220)**	(161,594)
Subtotal (A)	**819,642**	809,081
Raw materials	**233,887**	236,153
Stores and spares*	**305,908**	273,665
	539,795	509,818
Less : Allowance for slow-moving inventories	**(93,981)**	(89,668)
Subtotal (B)	**445,814**	420,150
Goods-in-transit (C)	**34,257**	18,627
Work-in-progress (D)	**56,199**	54,045
Total (A+B+C+D)	**1,355,912**	1,301,903

* Critical spares are depreciated based on the useful life of the plant until they are issued for maintenance. The depreciation charge is recognized in these consolidated financial statements under allowance for inventories.

At 31 December 2024, the Group has recognized a cumulative loss due to write-down of finished goods inventories of AED 138.54 million against cost of AED 387.15 million (2023: AED 153.01 million against cost of AED 418.62 million) to bring finished goods to net realizable value which was lower than the cost. The difference in write down of AED 14.47 million (2023: AED 12.95 million) is included in cost of sales in the consolidated statement of profit or loss with a currency loss of AED 0.27 million for the year (2023: AED 0.14 million).

Inventories amounting to AED 205.81 million (2023: AED 214.21 million) have been pledged as security in favor of certain banks against facilities obtained by the Group (refer Note 26 (b)(ii)).

The movement in allowance for slow moving inventories is as follows:

	2024 AED'000	2023 AED'000
As at 1 January	**251,262**	233,132
Add: charge for the year (refer Note 6)	**32,548**	46,432
Less: written off	**(50,124)**	(28,506)
Effect of movements in exchange rates	**(3,485)**	204
As at 31 December	**230,201**	251,262

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

21. RELATED PARTIES

The transactions of the Group with its related parties are at arm's length. The significant transactions entered into by the Group with related parties during the year, other than those disclosed elsewhere in these consolidated financial statements (see in particular Notes 11 and 31), are as follows:

Transactions with related parties

	2024 AED'000	2023 AED'000
A) Equity accounted investees		
Sale of goods and services and construction contracts	**5,855**	9,708
Royalty	**450**	419
B) Other related parties		
Sale of goods and services and construction contracts	**74,688**	118,475
Purchase of goods and rendering of services	**137,618**	245,756
Interest expenses (refer Note 10)	**302**	306
Rental income	**3,626**	3,568

Key management personnel compensation

The remuneration of Directors and other key management personnel of the Company during the year was as follows:

	2024 AED'000	2023 AED'000
Short-term benefits	**13,054**	12,903
Staff terminal benefits	**235**	234
Board of Directors' remuneration	**3,700**	3,700

Due from related parties

Based on their review of these outstanding balances, Management is of the view that the existing provision is sufficient to cover any likely credit losses.

	2024 AED'000	2023 AED'000
Equity accounted investees	**2,298**	3,640
Other related parties	**55,165**	58,414
	57,463	62,054
Less : Allowance for expected credit loss	**(3,263)**	(1,637)
	54,200	60,417

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

21. RELATED PARTIES (CONTD.)

Due from related parties

The movement in the allowance for ECL on amounts due from related parties is as follows:

	2024 AED'000	2023 AED'000
At 1 January	**1,637**	1,226
Addition during the year	**2,000**	411
Written off during the year	**(374)**	-
At 31 December	**3,263**	1,637

Due to related parties
Long-term loan

	2024 AED'000	2023 AED'000
Other related parties	**3,186**	2,163
	3,186	2,163

The above loan carries interest rate in the range of 9.20% - 9.40% per annum and is repayable by 2030.

Current Liabilities	2024 AED'000	2023 AED'000
Other related parties	**36,963**	43,857
Current portion of long-term loan	**-**	1,082
	36,963	44,939

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

22. 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.

	2024 AED'000	2023 AED'000
Non-current		
Derivative financial assets		
Interest rate swaps used for hedging	**1,938**	4,277
	1,938	4,277

	2024 AED'000	2023 AED'000
current		
Derivative financial assets		
Interest rate swaps used for hedging	**3,661**	7,462
Forward exchange contracts / options	**1,138**	-
	4,799	7,462

	2024 AED'000	2023 AED'000
current		
Derivative financial liabilities		
Forward exchange contracts	**-**	3,669
Other currency and interest rate swaps	**390**	627
	390	4,296

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

23. BANK BALANCES AND CASH

	2024 AED'000	2023 AED'000
Cash in hand	**3,221**	2,742
Cash at bank		
- in bank deposits with maturity less than three months	**2,637**	5,787
- in current accounts	**185,252**	207,028
- in margin deposits	**3,540**	14,870
- in call accounts	**6,081**	9,251
Cash and cash equivalents (excluding allowance for expected credit loss)	**200,731**	239,678
Less : Allowance for expected credit loss (refer Note7 (i))	**(183)**	(433)
Cash and cash equivalents (A)	**200,548**	239,245
Bank deposits with an original maturity of more than three months (B)	**2,061**	41,381
Bank balances and cash (A+B)	**202,609**	280,626

Cash in hand and cash at bank includes AED 0.36 million (2023: AED 0.96 million) and AED 83.90 million (2023: AED 107.49 million) respectively, held outside the UAE.

All fixed deposits carry interest at commercial rates. Bank deposits with an original maturity of more than three months include AED 1.22 million (2023: AED 1.72 million) and less than three months include AED 2.52 million (2023: AED 3.92 million) which are held by bank under lien against bank facilities availed by the Group (refer Note 26 (b)(ii)).

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

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

24. CAPITAL AND RESERVES

(i) Share capital

	2024 AED'000	2023 AED'000
Authorized, 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
Total	**993,703**	993,703

The holders of ordinary shares are entitled to receive dividends declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(ii) Share premium reserve

	2024 AED'000	2023 AED'000
On the issue of shares of :		
R.A.K. Ceramics P.J.S.C.	**165,000**	165,000
R.A.K Ceramics (Bangladesh) Limited, Bangladesh	**56,667**	56,667
Total	**221,667**	221,667

(iii) Legal reserve

In accordance with the Articles of Association of the Company and certain subsidiaries ("the entities") of the Group and the provisions of UAE Federal Law No. (32) of 2021, 10% of the net profit for the year of the listed entity in the UAE and 5% of the net profit for the year of limited liability entities in the UAE to which the law is applicable, has been transferred to a statutory reserve. Such transfers may be discontinued when the reserve equals 50% of the paid-up share capital of these entities. This reserve is non-distributable except in certain circumstances as permitted by the abovementioned Law. The consolidated legal reserve reflects transfers made post acquisition for applicable subsidiaries. At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved to transfer the excess of Legal Reserve over 50% of the Share Capital, AED 82.3 million to Retained Earnings.

(iv) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of monetary items that form part of the Group's net investment in foreign operations, except for the translation difference of the subsidiary in Iran which is included in hyperinflation reserve. At 31 December 2024 and 2023 the balance on the translation reserve was negative, reflecting the fact that cumulative losses in the account exceeded cumulative gains.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

24. CAPITAL AND RESERVES (CONTD.)

(v) Hyperinflation reserve

The hyperinflation reserve comprises all 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 current inflation index in accordance with IAS 29.

	AED'000
As at 31 December 2022	**(166,881)**
For the year 2023	
Foreign currency translation differences	(8,230)
Hyperinflation effect (refer Note 35) – gain	12,276
As at 31 December 2023	**(162,835)**
For the year 2024	
Foreign currency translation differences	(15,171)
Hyperinflation effect (refer Note 35) – gain	24,587
As at 31 December 2024	**(153,419)**

(vi) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss. At 31 December 2024 the cumulative gains on the hedging reserve exceeded cumulative losses. At 31 December 2023 the cumulative losses on the hedging reserve exceeded cumulative gains.

(vii) General reserve

General reserve of Nil (2023: AED 82.8 million) is distributable subject to the approval of shareholders. At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved to transfer the balance of General Reserve of AED 82.8 million to Retained Earnings.

(viii) Capital reserve

Capital reserve of AED 75.04 million (2023: AED 75.04 million) represents the Group's share of retained earnings capitalized by various subsidiaries by way of dividend from time to time. The capital reserve is non-distributable.

(ix) Dividend

At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved a cash dividend of 10 fils per share amounting to AED 99,370.50 thousand apart from the interim cash dividend of 10 fils per share amounting to AED 99,370.50 thousand for the year 2023; An interim dividend of 10 fils per share amounting to AED 99,370.50 thousand for the first half of year 2024 has also been paid during the current period (during the year 2023: paid final cash dividend of 10 fils per share amounting to AED 99,370.50 thousand for the year 2022 and interim cash dividend of 10 fils per share amounting to AED 99,370.50 thousand). The Board of Directors propose a final dividend distribution of 10 fils per share (AED 99,370.50) thousand) for the second half of the year 2024, which will be submitted for the approval of shareholders at the Annual General Meeting on 24th March 2025, along with the approval of the interim dividend of 10 fils per share (AED 99,370.50 thousand) for the first half of the year 2024 which was paid in August 2024.

(x) Directors' remuneration

At the Annual General Meeting (AGM) held on 26 March 2024, the shareholders approved the Directors' remuneration amounting to AED 3,700 thousand for the year ended 31 December 2023, (for the year ended 31 December 2022, approved AED 3,700 thousand (of which AED 3,444 thousand was paid, based on the number of Directors in post) in 2023.(Refer note 7).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

25. NON-CONTROLLING INTERESTS

The following summarizes the information relating to the non-controlling interests in the Group.

	RAK Ceramics (Bangladesh) PLC		Rak Porcelain LLC,UAE		Others (India & UAE)		Total	
	AED'000				AED'000			
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Non-current assets	**138,711**	152,246	**-**	156,963	**102,523**	72,309		
Current assets	**348,065**	386,825	**-**	309,124	**84,388**	80,958		
Non-current liabilities	**(15,045)**	(15,379)	**-**	(21,913)	**(44,510)**	(44,351)		
Current liabilities	**(251,590)**	(268,193)	**-**	(119,361)	**(78,065)**	(79,549)		
Net assets	**220,141**	255,499	**-**	324,813	**64,336**	29,367		
NCI Percentage	**31.87%**	31.87%	**-**	8%	**12%-53%**	12%-53%		
Net assets attributable to NCI	**70,518**	81,808	**-**	40,472	**24,817**	12,215	**95,335**	134,495
Revenue	**212,135**	266,144	**-**	389,686	**134,267**	126,998		
Profit/(loss)	**(869)**	21,048	**-**	82,115	**727**	10,919		
Other comprehensive income/(loss)	**(20,127)**	(16,465)	**-**	485	**(322)**	(139)		
Total comprehensive income/(loss)	**(20,996)**	4,583	**-**	82,600	**405**	10,780		
Profit/(loss) allocated to NCI	**(277)**	6,707	**-**	20,170	**871**	3,031	**594**	29,908
Other comprehensive income/(loss) allocated to NCI	**(6,439)**	(5,324)	**-**	39	**(428)**	(139)	**(6,867)**	(5,424)
Dividend distributed to NCI	**4,565**	4,889	**-**	-	**13,780**	18,540	**18,345**	23,429

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

26. BANK FINANCING ARRANGEMENTS

(a) Islamic bank financing

	2024 AED'000	2023 AED'000
(i) Short-term		
Mudaraba facilities (A)	**65,827**	64,935
Commodity Murabaha facilities (B)	**36,248**	128,294
Current portion of long-term financing (refer Note 26 (a)(ii))	**116,556**	124,170
	218,631	317,399
(ii) Long-term - Islamic bank financing		
Mudaraba facilities(A)	**197,292**	160,833
Commodity Murabaha facilities (B)	**73,711**	124,261
Ijarah facilities (C)	**93,778**	135,750
Less : current portion of long-term financing (refer Note 26 (a)(i))	**(116,556)**	(124,170)
	248,225	296,674
Movement:		
Balance as at 1 January	**420,844**	481,174
Availed during the year	**70,000**	45,000
Less : repaid during the year	**(126,063)**	(105,330)
Balance as at end of the year	**364,781**	420,844
Less : current portion included in short-term (refer Note 26 (a)(i))	**(116,556)**	(124,170)
	248,225	296,674

The terms and conditions of outstanding long-term Mudaraba, Commodity Murabaha and Ijarah facilities:

Currency	2024 Profit range	2023 Profit range	2024 AED'000	2023 AED'000
USD	**2.70%- 4.00%**	2.1% - 4.0%	**105,654**	173,757
AED	**1.75% - 6.60%**	3.3% - 6.9%	**232,234**	199,411
EURO	**2.80% - 3.00%**	2.7% - 2.8%	**26,893**	47,676
			364,781	420,844

Currency	2024 Profit range	2023 Profit range	2024 Profit range	2023 Profit range
AED	**5.60% - 5.90%**	6.2% - 7.0%	**25,000**	67,417
EURO	**3.40%- 4.50%**	5.0% - 5.7%	**77,075**	125,812
			102,075	193,229

The terms and conditions of outstanding short-term Mudaraba and Commodity Murabaha facilities:

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

26. BANK FINANCING ARRANGEMENTS (CONTD.)

(a) Islamic bank financing (Continued)

Islamic financings represent facilities such as Mudaraba, Murabaha and Ijarah facilities obtained from Banks. These financings are denominated either in the functional currency of the Company or in USD, a currency to which the functional currency of the Company is currently pegged. The long-term Commodity Murabaha facilities mature up to 2031.

The financing is secured by:

• negative pledge over certain assets of the Group;

• pari passu rights among each other;

• assignment of blanket insurance policy of certain Group entities in favour of the bank; and

• a promissory note for AED 1,038 million (2023: AED 799 million)

(A) Mudaraba is a mode of Islamic financing where a contract is entered into by two parties whereby one party (Bank) provides funds to another 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.

(b) Interest bearing bank financing

	2024 AED'000	2023 AED'000
(i) Short-term		
Bank overdraft	**65,434**	108,350
Short-term bank loan	**234,844**	140,865
Current portion of long-term financing (refer Note 26 (b)(ii))	**189,791**	214,550
	490,069	463,765

	2024 AED'000	2023 AED'000
(ii) Long-term bank loans		
Balance as at 1 January	**835,548**	838,104
Availed during the year	**318,605**	238,683
Less : repaid during the year	**(327,673)**	(241,239)
Balance as at end of the year	**826,480**	835,548
Less : current portion of long-term financing (refer Note 26 (b)(i))	**(189,791)**	(214,550)
	636,689	620,998

Notes to the consolidated financial statements (contd.)

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26. BANK FINANCING ARRANGEMENTS (CONTD.)

(b) Interest bearing bank financing (Continued)

(ii) Long-term bank loans (Continued)

The terms and conditions of outstanding long-term loans are as follows:

Currency	2024 Interest Range	2023 Interest Range	2024 AED'000	2023 AED'000
AED	**4.8% - 6.0%**	6.8%-7.4%	**295,004**	174,829
USD	**2.2% - 6.6%**	4.1%-7.9%	**482,054**	618,795
INR	**9.2% - 10.0%**	8.5% -10.2%	**31,286**	21,735
BDT	**12.4% - 14.6%**	9.1% - 9.4%	**17,216**	12,580
EUR	**4.8% - 5.3%**	3.2%-6.4%	**420**	6,462
HUF	**0.5% - 1.0%**	0.5% - 1.0%	**500**	1,147
			826,480	835,548

The terms and conditions of outstanding short-term loansare as follows:

Currency	2024 Interest Range	2023 Interest Range	2024 AED'000	2023 AED'000
AED	**5.3% - 5.9%**	6.3% - 6.5%	**94,751**	112,512
USD	**5.7% - 7.9%**	6.3% - 10.0%	**17,792**	33,484
INR	**8.3% - 10.9%**	8.4% - 9.6%	**58,603**	47,247
BDT	**12.4% - 14.6%**	9.1% - 11.5%	**22,864**	13,956
EUR	**3.6% - 6.9%**	3.0% - 10.0%	**105,668**	40,802
HUF	**0.5% - 1.0%**	0.5% - 1.0%	**600**	1,214
			300,278	249,215

The Group has obtained long-term and short-term interest bearing bank facilities from various banks for financing the acquisition of assets, project financing or to meet its working capital requirements. The majority of these bank borrowings are denominated either in the functional currencies of the respective subsidiaries or in USD, a currency to which the functional currency of the Company is currently pegged. Rates of interest on the above bank loans are based on normal commercial rates. The long-term bank loans mature up to 2030.

These bank borrowings are secured by:

- a negative pledge over certain assets of the Group;
- pari passu rights among each other;
- a promissory note for AED 2,466 million (2023: AED 2,796 million);
- assignment of a blanket insurance policy of certain Group entities in favor of the bank;
- hypothecation of inventories and assignment of receivables of certain Group entities (refer Notes 20 and 19) respectively.
- fixed deposits held under lien (refer Note 23).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

27. LEASE LIABILITY

	2024 AED'000	2023 AED'000
Analysed as:		
Non-current	**89,157**	67,804
Current	**37,117**	32,846
Total	**126,274**	100,650

Maturity analysis

	2024 AED'000	2023 AED'000
Year 1	**39,412**	36,525
Year 2	**26,870**	22,876
Year 3	**20,869**	18,155
Year 4	**14,909**	12,047
Year 5	**12,079**	9,037
Thereafter	**29,799**	17,852
	143,938	116,492
Less: unearned future interest	**(17,664)**	(15,842)
Total	**126,274**	100,650

	2024 AED'000	2023 AED'000
Balance as at 1 January	**100,650**	99,944
Cash flows	**(44,729)**	(36,310)
Non cash changes	**70,353**	37,016
Balance as at end of the year	**126,274**	100,650

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

28. TRADE AND OTHER PAYABLES

	2024 AED'000	2023 AED'000
Trade payables*	**361,963**	349,321
Accrued and other expenses	**278,059**	262,583
Advance from customers	**84,828**	104,325
Commission and rebates payable	**53,992**	54,278
Other payables	**58,225**	47,197
Total	**837,067**	817,704

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The carrying amount of trade payables approximates their fair value.

*In order to ensure easy access to credit for its suppliers, the Group has entered into reverse factoring arrangements. Trade payable include AED 23.14 million (31 December 2023: AED NIL) owed under this arrangement.

29. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	2024 AED'000	2023 AED'000
As at 1 January	**118,453**	132,450
Charge for the year	**20,817**	26,923
Payments made during the year	**(25,367)**	(41,757)
Effect of movements in exchange rate	**(201)**	837
As at 31 December	**113,702**	118,453

30. GOVERNMENT GRANTS

The Group has recognized Export Promotion Capital Goods (EPCG) as a Government Grant availed by its subsidiary in India, during the year.

	2024 AED'000	2023 AED'000
Non-current portion	**4,086**	-
Current portion	**426**	-
Total	**4,512**	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

31.CONTINGENT LIABILITIES AND COMMITMENTS

	2024 AED'000	2023 AED'000
Contingent liabilities		
Letters of guarantee	**53,954**	58,719
Letters of credit	**67,628**	39,066
Value added tax and other tax contingencies	**34,374**	61,919
Commitments		
Capital commitments	**168,145**	34,113

In some jurisdictions, the tax returns for certain years have not been reviewed by the tax authorities and there are unresolved disputed corporate tax assessments and VAT claims by the authorities. However, the Group's management believes that adequate provisions have been made for potential tax contingencies.

32. OPERATING LEASES

As lessor

Certain investment properties are leased to third parties under operating leases agreements. The leases typically run for a period of more than five years, with an option to renew the lease after that date. Lease rentals are usually reviewed periodically to reflect market rentals.

Matuarity analysis

	2024 AED'000	2023 AED'000
Less than one year	**10,106**	11,663
Between two and five years	**16,058**	21,307
More than five years	**15,625**	12,477
	41,789	45,447

33. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year 2024, the Group acquired the remaining 8% shareholding in one of its subsidiaries, RAK Porcelain LLC, UAE, for a consideration of AED 44 million thus increasing the shareholding to 100%. Accordingly, the Group has recognized:

	AED'000 (unaudited)
- Decrease in non-controlling interest	(26,936)
- Decrease in retained earnings	(17,064)
Total consideration paid	(44,000)

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. 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.

	Carrying value					Fair value			
31 December 2024	**Fair value hedging instruments AED'000**	**Mandatory at FVTPL* AED'000**	**Financial assets at amortised cost AED'000**	**Financial liabilites 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									
Interest rate swaps used for hedging	5,599	-	-	-	5,599	-	5,599	-	5,599
Other Currency and Interest Rate Swap	-	1,138	-		1,138	-	1,138	-	1,138
	5,599	1,138	-	-	6,737	-	6,737	-	6,737
Financial assets measured at amortised cost									
Long-term receivables	-	-	18,859	-	18,859	-	-	-	-
Trade and other receivables	-	-	881,482	-	881,482	-	-	-	-
Due from related parties	-	-	54,200	-	54,200	-	-	-	-
Bank balances and cash	-	-	202,609	-	202,609	-	-	-	-
	-	-	1,157,150	-	1,157,150	-	-	-	-
Financial liabilities measured at fair value									
Forward exchange contracts / Options	-	-	-	390	390	-	390	-	390
	-	-	-	390	390	-	390	-	390
Financial liabilities measured at amortized cost									
Islamic bank financing	-	-	-	466,856	466,856	-	-	-	-
Interest bearing bank financing	-	-	-	1,126,758	1,126,758	-	-	-	-
Due to Related Parties Long Term Loans	-	-	-	3,186	3,186	-	-	-	-
Trade and other payables	-	-	-	752,239	752,239	-	-	-	-
Due to related parties	-	-	-	36,963	36,963	-	-	-	-
Lease liabilities	-	-	-	126,274	126,274	-	-	-	-
	-	-	-	2,512,276	2,512,276	-	-	-	-

*FVTPL: fair value through profit or loss

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Accounting classifications and fair values (continued)

	Carrying value					Fair value			
31 December 2023	**Fair value hedging instruments AED'000**	**Financial assets at FVTPL* AED'000**	**Financial assets at amortised cost AED'000**	**Financial liabilites 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									
Interest rate swaps used for hedging	-	11,739	-	-	11,739	-	11,739	-	11,739
	-	11,739	-	-	11,739	-	11,739	-	11,739
Financial assets measured at amortised cost									
Long-term receivables	-	-	21,556	-	21,556	-	-	-	-
Trade and other receivables	-	-	953,304	-	953,304	-	-	-	-
Due from related parties	-	-	60,417	-	60,417	-	-	-	-
Bank balances and cash	-	-	280,626	-	280,626	-	-	-	-
	-	-	1,315,903	-	1,315,903	-	-	-	-
Financial liabilities measured at fair value									
Forward exchange contracts / Options	-	3,669	-	-	3,669	-	3,669	-	3,669
Other currency and interest rate swaps	-	627	-	-	627	-	627	-	627
	-	4,296	-	-	4,296	-	4,296	-	4,296
Financial liabilities measured at amortised cost									
Islamic bank financing	-	-	-	614,073	614,073	-	-	-	-
Interest bearing bank financing	-	-	-	1,084,763	1,084,763	-	-	-	-
Due to Related Parties Long Term Loans	-	-	-	2,163	2,163				
Trade and other payables	-	-	-	713,379	713,379	-	-	-	-
Due to related parties	-	-	-	44,939	44,939	-	-	-	-
Lease liabilities	-	-	-	100,650	100,650	-	-	-	-
	-	-	-	2,559,967	2,559,967	-	-	-	-

*FVTPL: fair value through profit or loss

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

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

Risk management framework

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's senior management is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on their activities. The Group's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management practices in others.

The Group's risk management policies (both formal and informal) are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee ("Audit Committee") oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Control department. Internal control undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

As part of the application of the risk management policies, senior management is also responsible for development and implementation of controls to address operational risks arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors arising from legal and regulatory requirements, political and economic stability in the jurisdictions that the Group operates and generally accepted standards of corporate behavior.

The Group's non-derivative financial liabilities comprise bank borrowings, trade and other payables (excluding advances to suppliers) and amounts due to related parties. The Group has various financial assets such as trade and other receivables, bank balances and deposits and amounts due from related parties.

Due to the political situation in Iran and the imposition of stricter financial and trade sanctions and oil embargo, the movement of funds through banking channels from Iran has been restricted. Management continues to assess and monitor the implications of such changes on the business. Based on its review, management is of the view that the Group will be able to recover its investment in Iran and accordingly is of the view that no allowance for impairment is required to be recognized in these consolidated financial statements as at the reporting date.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, amount due from related parties and balances with banks. To manage this risk, the Group periodically assesses country and customer credit risk, assigns individual credit limits and takes appropriate actions to mitigate credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024 AED'000	2023 AED'000
Long-term receivables	**18,859**	21,556
Trade and other receivables		
(excluding advances and prepayments)	**881,482**	953,304
Due from related parties	**54,200**	60,417
Bank balances	**202,609**	280,626
	1,157,150	1,315,903

Trade and other receivables and amount due from related parties

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk. The Group's ten largest customers account for 19.97% (2023: 21.07%) of the outstanding gross trade receivables as at 31 December 2024. Geographically the credit risk is materially concentrated in the Middle East, Europe and Asian regions.

The Group's management has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior Group management. These limits are reviewed periodically.

In monitoring credit risk, customers and related parties are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and evidence of previous financial difficulties.

The maximum exposure to credit risk (trade and other receivables and amount due from related parties) at the reporting date by geographic region and operating segments was as follows.

	2024 AED'000	2023 AED'000
Middle East (ME)	**564,059**	572,566
Europe	**148,331**	148,846
Asian countries (Other than ME)	**199,978**	195,435
Other regions	**42,173**	118,430
	954,541	1,035,277
Trading and manufacturing	**902,853**	987,188
Contracting	**26,265**	22,268
Other industrial	**15,224**	20,915
Others	**10,199**	4,906
	954,541	1,035,277

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Balances with banks

The Group limits its exposure to credit risk by placing balances with international and local banks. Given the profile of its bankers, management does not expect any counter party to fail to meet its obligations. The bank balances are held with the banks and financial institutions of repute.

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity price and equity price will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings which are denominated in a currency other than the respective functional currencies of the Group entities. The entities within the Group which have AED as their functional currency are not exposed to currency risk on transactions denominated in USD as AED is currently informally pegged to USD at a fixed rate. The currencies giving rise to this risk are primarily EUR, GBP & AUD.

The Group enters into forward exchange contracts to hedge its currency risk, generally with a maturity of less than one year from the reporting date. The Group also enters currency swap arrangements with a maturity of more than 1 year.

Interest on borrowings is denominated in the currency of the respective borrowing and generally borrowings are denominated in currencies which match the cash flows generated by the underlying operations of the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The Group's exposure to foreign currency risk is as follows:

	GBP'000	AUD'000	EUR'000
31 December 2024			
Trade and other receivable (including due from related parties)	**20,151**	**1,072**	**108,316**
Cash and bank balances	**1,601**	**486**	**(4,723)**
Trade and other payables	**(5,089)**	**12**	**(16,506)**
Bank borrowings	**(2,581)**	**-**	**(47,245)**
Derivative – currency swap	**2,581**	**-**	**-**
forward exchange contracts	**(16,600)**	**(1,400)**	**(42,350)**
Net exposure	**63**	**170**	**(2,508)**

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

	GBP'000	AUD'000	EUR'000
31 December 2023			
Trade and other receivable (including due from related parties)	18,605	1,397	125,145
Cash and bank balances	549	484	(2,890)
Trade and other payables	(4,763)	7	(26,454)
Bank borrowings	(7,744)	-	(44,579)
Derivative – currency swap	7,744	-	-
Forward exchange contracts	(15,000)	(2,500)	(52,250)
Net exposure	(609)	(612)	(1,028)

The following are exchange rates applied during the year:

	Spot rate		Average rate	
Reporting Date	**2024**	2023	**2024**	2023
Great Britain Pound (GBP)	**4.661**	4.675	**4.688**	4.567
Euro (EUR)	**3.860**	4,053	**3.974**	3.971
Australian Dollar (AUD)	**2.420**	2.501	**2.440**	2.438

Sensitivity analysis

A strengthening (weakening) of the AED, as indicated below, against the EUR, GBP and AUD by 5% at 31 December would have increased (decreased) profit or loss by the amounts shown below. The analysis is based on foreign currency exchange variances that the Group considers to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Strengthening		Weakening	
Reporting Date	**Profit/(loss) AED'000**	**Equity AED'000**	**Profit/(loss) AED'000**	**Equity AED'000**
31 December 2024				
GBP	**(15)**	**-**	**15**	**-**
EURO	**484**	**-**	**(484)**	**-**
AUD	**(20)**	**-**	**20**	**-**
31 December 2023				
GBP	142	-	(142)	-
EURO	208	-	(208)	-
AUD	77	-	(77)	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

The following tables detail the foreign currency forward contracts outstanding at the end of the reporting period, as well as information regarding their related hedged items.

Hedging Instrument	Notional Value (respective foreign currency)	Notional principle value	Carrying amount of the hedging instruments assets/(liabilites)	Change in fair value used for recognizing hedge ineffectiveness
	2024 AED'000	2024 AED'000	2024 AED'000	2024 AED'000
Forward contracts				
- GBP	**16,600**	**77,375**	**1,234**	**-**
- EUR	**42,350**	**163,458**	**(25)**	**-**
- AUD	**1,400**	**3,387**	**77**	**-**
Currency swap				
- GBP	**2,581**	**12,031**	**(390)**	**-**

Hedging Instrument	Notional Value (respective foreign currency)	Notional principle value	Carrying amount of the hedging instruments assets/(liabilites)	Change in fair value used for recognizing hedge ineffectiveness
	2023 AED'000	2023 AED'000	2023 AED'000	2023 AED'000
Forward contracts				
- GBP	15,000	70,121	(352)	-
- EUR	52,250	211,768	(3,126)	-
- AUD	2,500	6,252	(191)	-
Currency swap				
- GBP	7,744	36,201	(626)	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Currency risk (Continued)

Hedge item	Notional principle value	Accumulated amount of fair value hedge adjustment included in carrying amount	Change in fair value used for recognizing hedge ineffectiveness
	2024 AED'000	2024 AED'000	2024 AED'000
Trade receivables			
- GBP	**(77,375)**	**(1,234)**	**-**
- EUR	**(163,458)**	**25**	**-**
- AUD	**(3,387)**	**(77)**	**-**
Term loan			
- GBP	**(12,031)**	**390**	**-**

Hedge item	Notional principle value	Accumulated amount of fair value hedge adjustment included in carrying amount	Change in fair value used for recognizing hedge ineffectiveness
	2023 AED'000	2023 AED'000	2023 AED'000
Trade receivables			
- GBP	(70,121)	352	-
- EUR	(211,768)	3,126	-
- AUD	(6,252)	191	-
Term loan			
- GBP	(36,201)	626	-

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt financings with floating interest/profit rates.

The Group's policy is to manage its financing cost using a mix of fixed and floating interest/profit rate. To manage this, from time to time the Group enters into interest rate swaps, whereby the Group agrees to exchange, at specified intervals, the difference between fixed and floating rate amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2024, 20.52% (2023: 31.05%) of the Group's term financings were at a fixed rate of interest.

As the critical term of interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and is expected that the value of interest rate swap contracts and the value of corresponding hedged items will systematically change in the opposite direction in response to movements in the underlying interest rates. The main source of hedge effectiveness in these hedge relationships is the effect of counterparty risk on the fair value of interest rate swap contracts, which is not reflected in the fair value of hedged items attributable to the change in interest rates. There is no other source of ineffectiveness from these hedging relationships.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Intrest rate risk (Continued)

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items.

Cash Flow hedges

Hedging Instrument	**Average contracted fixed interest rate**	**Notional principle value**	**Carrying amount of the hedging instruments assets/(liabilites)**	**Change in fair value used for calculating hedge ineffectiveness**
	2024 %	**2024 AED'000**	**2024 AED'000**	**2024 AED'000**
Receive floating, pay fixed , contracts	**1.40%**	**164,708**	**5,599**	**-**

Hedging Instrument	Average contracted fixed interest rate	Notional principle value	Carrying amount of the hedging instruments assets/(liabilites)	Change in fair value used for calculating hedge ineffectiveness
	2023 %	2023 AED'000	2023 AED'000	2023 AED'000
Receive floating, pay fixed, contracts	1.53	273,826	11,739	-

Designated Hedge Items	**Nominal Amount to be hedged items assets/ liabilities**	**Change in value used for calculating hedge ineffectiveness**	**Balance in cash flow hedge reserve for continuing hedges**	**Balance in cash flow hedge reserve for which hedge accounting is no longer applied**
	2024 AED'000	**2024 AED'000**	**2024 AED'000**	**2024 AED'000**
Variable rate borrowings	**(164,708)**	**-**	**(5,599)**	**-**

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Cash Flow hedges (Continued)

Designated Hedge Items	Nominal amount of the hedged items assets/(liabilites)	Change in value used for calculating hedge ineffectivenessiness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge accounting is no longer applied
	2023 AED'000	2023 AED'000	2023 AED'000	2023 AED'000
Variable rate borrowings	(273,826)	-	(11,739)	-

At the reporting date, the interest/profit rate profile of the Group's financial instruments was:

	2024 AED'000	2023 AED'000
Fixed rate instruments		
Financial assets		
Bank deposits	**4,698**	47,168
Financial liability		
Islamic bank financing	**210,109**	375,362
Interest bearing bank financing	**117,542**	152,206
Variable rate instruments		
Financial liability		
Islamic bank financing	**256,747**	238,711
Interest bearing bank financing	**1,009,216**	932,557
Due to related parties	**3,186**	3,244

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest/variable profit at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Cash Flow hedges (Continued)

Reporting Date	Profit/(loss) 100bp Increase AED'000	100bp Decrease AED'000
31 December 2024		
Financial liability		
Variable instruments	**(12,691)**	**12,691**
31 December 2023		
Financial liability		
Variable instruments	(11,713)	11,713

Commodity price risk

Commodity price risk in the Group primarily arises from price fluctuations of Brent crude oil. Hedging activities are evaluated regularly to align with Group expectations about the price changes and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Commodity price sensitivity analysis

If the commodity prices had been 5 per cent higher (lower) as of 31 December 2024, profit after tax would have been AED Nil (2023: AED 6.35 million higher/lower).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group's credit terms require the amounts to be received within 90-180 days (2023: 90 -180 days) from the date of invoice. Trade payables are normally settled within 45-90 days (2023: 45-90 days) of the date of purchase.

The Group ensures that it has sufficient cash to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

The following are the remaining contractual maturities of the Group's financial liabilities at the reporting dates, including estimated interest/profit payments:

	Contractual cash flows				
	Carrying amount AED'000	Total AED'000	0-1 years AED'000	1-2 years AED'000	More than 2 years AED'000
At 31 December 2024					
Non-derivative financial liabilities					
Bank financing	**1,593,614**	**(1,766,815)**	**(773,793)**	**(337,726)**	**(655,296)**
Trade and other payables	**752,239**	**(752,239)**	**(752,239)**	**-**	**-**
Due to Related Parties Long Term Loans	**3,186**	**(4,558)**	**-**	**-**	**(4,558)**
Due to related parties	**36,963**	**(36,963)**	**(36,963)**	**-**	**-**
	2,386,002	**(2,560,575)**	**(1,562,995)**	**(337,726)**	**(659,854)**
Derivative financial liabilities					
Other currency and interest rate swaps	**390**	**(390)**	**(390)**	**-**	**-**
	390	**(390)**	**(390)**	**-**	**-**

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Liquidity risk (Continued)

		Contractual cash flows			
	Carrying amount AED'000	Total AED'000	0-1 years AED'000	1-2 years AED'000	More than 2 years AED'000
At 31 December 2023					
Non-derivative financial liabilities					
Bank financing	1,698,836	(1,886,990)	(853,166)	(376,321)	(657,503)
Trade and other payables	713,379	(713,379)	(713,379)	-	-
Due to Related Parties Long term Term Loans	3,244	(3,963)	-	-	(3,963)
Due to related parties	43,857	(43,857)	(43,857)	-	-
	2,459,316	(2,648,189)	(1,610,402)	(376,321)	(661,466)
Derivative financial liabilities					
Forward exchange contacts	3,669	(3,669)	(3,669)	-	-
Other currency and interest swaps	627	(627)	(627)	-	-
	4,296	(4,296)	(4,296)	-	-

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

34. FINANCIAL INSTRUMENTS (CONTD.)

Equity risk

The Group is not significantly exposed to equity price risk.

Capital management

The Group's policy is to maintain a strong capital base to sustain future development of the business and maintain investor and creditor confidence. A balance between the higher returns and the advantages and security offered by a sound capital position, is maintained.

The Group manages its capital structure and adjusts it in light of changes in business conditions. Capital comprises share capital, reserves, retained earnings and non-controlling interests and amounts to AED 2.33 million as at 31 December 2024 (2023: AED 2,369 million). Debt comprises Islamic and interest bearing loans and equity includes all capital and reserves of the Group that are managed as capital.

The debt equity ratio at the reporting date was as follows:

	2024 AED'000	2023 AED'000
Equity	**2,331,042**	2,368,750
Debt	**1,593,614**	1,698,836
Debt equity ratio	**0.68**	0.72

There was no change in the Group's approach to capital management during the current year. The Group is not subject to externally imposed capital requirements.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

35. HYPERINFLATIONARY ECONOMY

The Group has a subsidiary in the Islamic Republic of Iran which was designated as hyper-inflationary economy during the current year, having previously ceased to be so in 2015. The subsidiary did not have material operations during the years ended 31 December 2024 or 31 December 2023 and the total assets of the Iranian subsidiary are approximately 0.62 % of the Group's consolidated total assets as at 31 December 2024.

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
31 December 2024	**1,590.48**	1.9329
31 December 2023	**822.86**	1.4616
31 December 2022	**563.00**	1.4847
31 December 2021	**379.20**	1.3514
31 December 2020	**280.60**	1.4479

The above mentioned restatement is affected as follows:

- Hyperinflation accounting was applied as of 1 January 2020;
- The 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 consolidated statement of profit or loss accounts 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 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 impact resulting from changes in the general purchasing power until 31 December 2022 were reported in Hyperinflation reserve directly as a component of equity and the impacts of changes in the general purchasing power from 1 January 2024 are reported through the statement of profit or loss in a separate line as a loss on net monetary position, besides having the impact on depreciation charge for the period.
- All items in the consolidated statement of profit or loss are restated by applying the relevant quarterly average or year-end conversion factors.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

35. HYPERINFLATIONARY ECONOMY (CONTD.)

The impact of hyperinflationary accounting on the consolidated financial statements due to the subsidiary in the Republic of Iran is as follows:

	1 Jan 2024 AED'000	1 Jan 2023 AED'000
Impact on consolidated statement of financial position		
Increase in property, plant and equipment – net	**8,068**	3,239
Increase in investment properties – net	**8,370**	4,146
Increase in other assets	**8,149**	4,891
Increase in equity	**24,587**	12,276
Allocated to: Increase in opening equity due to cumulative hyperinflation	**24,587**	12,276

	2024 AED'000	2023 AED'000
Impact on consolidated statement of profit or loss		
Increase in depreciation charge for the year	**2,871**	769
Loss on net monetary position	**7,038**	4,210
	9,909	4,979

36. 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 four 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:

Ceramics products	includes manufacture and sale of ceramic wall and floor tiles, gres porcellanato, bath-ware and table ware products.
Faucets	includes manufacture and sale of Taps and Faucets *
Other industrial	includes manufacturing and distribution of power, paints, plastics, mines and chemicals.
Others	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.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

36. SEGMENT REPORTING (CONTD.)

Information about the reportable segments

Information regarding each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of respective segments relative to other entities that operate in the same industries.

	Ceramic Products AED'000	Faucets AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
At 31 December 2024						
External revenue	**2,734,448**	**417,501**	**76,186**	**3,884**	**-**	**3,232,019**
Intersegment revenue	**521,038**	**98,517**	**107,231**	**3,209**	**(729,995)**	**-**
Segment revenue	**3,255,486**	**516,018**	**183,417**	**7,093**	**(729,995)**	**3,232,019**
Segment profit/(loss)	**262,852**	**(27,353)**	**9,066**	**13,721**	**(24,204)**	**234,082**
Segment EBITDA	**582,670**	**6,258**	**16,029**	**18,571**	**(31,284)**	**592,244**
Interest/profit income	**20,775**	**2,887**	**105**	**200**	**(19,904)**	**4,063**
Interest/profit expense	**120,261**	**14,251**	**302**	**317**	**(20,240)**	**114,891**
Depreciation and amortization	**181,600**	**20,761**	**3,548**	**7,127**	**(5,251)**	**207,785**
Share of profit in equity accounted investees	**(197)**	**-**	**-**	**-**	**-**	**(197)**
Segment assets	**6,894,348**	**604,073**	**145,515**	**179,380**	**(2,571,400)**	**5,251,916**
Segment liabilities	**3,674,315**	**401,644**	**53,751**	**107,423**	**(1,316,259)**	**2,920,874**

	Ceramic Products AED'000	Faucets AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
At 31 December 2023						
External revenue	2,916,929	431,119	94,459	15,251	-	3,457,758
Intersegment revenue	545,630	68,712	134,771	2,033	(751,146)	-
Segment revenue	3,462,559	499,831	229,230	17,284	(751,146)	3,457,758
Segment profit/(loss)	575,690	(31,555)	22,474	7,722	(253,476)	320,855
Segment EBITDA	863,905	6,107	27,933	9,622	(260,206)	647,361
Interest/profit income	8,305	123	197	2	(2,195)	6,432
Interest/profit expense	110,283	257	7,422	261	(4,972)	113,251
Depreciation and amortization	168,319	21,383	3,487	6,366	(4,542)	195,013
Share of profit in equity accounted investees	1,266	-	-	-	-	1,266
Segment assets	6,902,972	570,655	137,334	151,393	(2,405,263)	5,357,091
Segment liabilities	3,690,854	531,590	57,069	88,471	(1,379,643)	2,988,341

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 and impairment loss on investment properties.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

36. SEGMENT REPORTING (CONTD.)

Geographic information

The ceramic products, faucets and other industrial segments are managed on a worldwide basis, but manufacturing facilities are located in the UAE, India, Bangladesh and Europe.

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets. Investment in equity accounted investees is presented based on the geographical location of the entity holding the investment.

	2024 AED'000	2023 AED'000
Revenue		
Middle East (ME)	**1,605,566**	1,644,303
Europe	**746,555**	803,260
Asian countries	**665,745**	759,211
Other	**214,153**	250,984
	3,232,019	3,457,758
Non-currents assets		
Middle East (ME)	**1,970,132**	1,989,928
Asian countries	**310,152**	288,789
Other	**225,745**	242,674
	2,506,029	2,521,391

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

36. SEGMENT REPORTING (CONTD.)

Reconciliation of reportable segment

	2024 AED'000	2023 AED'000
Revenues		
Total revenue for reportable segments	**3,962,014**	4,208,904
Elimination of intersegment revenue	**(729,995)**	(751,146)
Consolidated revenue	**3,232,019**	3,457,758
Profit		
Total profit for reportable segments	**258,286**	574,331
Elimination of inter-segment profits	**(24,204)**	(253,476)
Consolidated profit	**234,082**	320,855
Assets		
Total assets for reportable segment	**5,241,634**	5,345,759
Equity accounted investees	**10,282**	11,332
Consolidated total assets	**5,251,916**	5,357,091
Other material items		
Interest/profit income	**4,063**	6,432
Interest/profit expense	**114,891**	113,251
Depreciation and amortization	**207,785**	195,013

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

37. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES

Name of the entity	Country	Ownership interest 2024	Ownership interest 2023	Principal activities
A Subsidiaries of RAK Ceramics P.J.S.C				
RAK Ceramics (Bangladesh) PLC	**Bangladesh**	**68.13%**	68.13%	Manufacturing of ceramic tiles and sanitary ware
RAK Ceramics PJSC Limited	**Iran**	**100%**	100%	Manufacturing of ceramic tiles
RAK Ceramics India Private Limited	**India**	**100%**	100%	Manufacturing of ceramic tiles and sanitary ware
Elegance Ceramics LLC*	**UAE**	**100%**	100%	Manufacturing of ceramic tiles
RAK Ceramics Australia PTY Limited	**Australia**	**100%**	100%	Trading in ceramic tiles
RAK Bathware PTY Limited	**Australia**	**100%**	100%	Trading in sanitary ware
Acacia Hotels LLC*	**UAE**	**100%**	100%	Lease of investment property
RAK Ceramics Holding LLC	**UAE**	**100%**	100%	Investment company
Al Jazeerah Utility Services LLC*	**UAE**	**100%**	100%	Provision of utility services
Ceramin FZ LLC*	**UAE**	**100%**	100%	Manufacturing, processing import & export of industrial minerals
Al Hamra Construction Company LLC*	**UAE**	**100%**	100%	Construction company
RAK Porcelain LLC (refer Note 33)	**UAE**	**100%**	92%	Manufacturing of porcelain tableware
RAK Ceramics UK Limited	**UK**	**100%**	100%	Trading in ceramic tiles and sanitary ware
RAK Ceramics GmbH	**Germany**	**100%**	100%	Trading in ceramic tiles and sanitary ware
ARK International Trading Company Limited	**Saudi Arabia**	**100%**	100%	Trading in ceramic tiles and sanitary ware
Kludi RAK LLC *	**UAE**	**100%**	100%	Manufacturing of water tap faucets etc.
RAK Industrial LLC	**Saudi Arabia**	**100%**	100%	Proposed manufacturing of ceramic tiles
RAK Ceramics Austria GmbH	**Austria**	**100%**	100%	Investment company
B Subsidiaries of RAK Ceramics (Bangldesh) PLC				
RAK Power Private Limited	**Bangladesh**	**100%**	100%	Power generation for captive consumption
RAK Securities and Services Private Limited	**Bangladesh**	**100%**	100%	Providing security services
C Subsidiaries of RAK Ceramics Holding LLC				
RAK Paints LLC	**UAE**	**51%**	51%	Manufacturing of paints and allied products
RAK Universal Plastics Industries LLC	**UAE**	**87.6%**	87.6%	Manufacturing of pipes
D Subsidiaries of RAK Ceramics UK Limited				
RAK Distribution Europe SARL	**Italy**	**100%**	100%	Trading in ceramic tiles and sanitary ware
E Subsidiary of RAK Distribution Europe SARL				
RAK Ceramics CE GmbH	**Germany**	**100%**	100%	Trading in ceramic tiles and sanitary ware
F Subsidiary of RAK Paints LLC				
Altek Emirates LLC*	**UAE**	**99%**	99%	Manufacturing of paints and adhesive products

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

37. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES (CONTD.)

Name of the entity	Country	Ownership interest 2024	2023	Principal activities
G Subsidiaries of Ceramin FZ LLC				
Ceramin India Private Limited	India	100%	100%	Extraction, trading & export of clay and other minerals
H Subsidiary of Elegance Ceramics LLC				
Venezia Ceramics	UAE	100%	100%	General trading
I Subsidiaries of RAK Porcelain LLC				
RAK Porcelain Europe S.A.	Luxemburg	100%	100%	Import and export of porcelain tableware
Restofair RAK LLC	UAE	47%	47%	Contracting of furnishing the public firms
J Subsidiary of RAK Porcelain Europe S.A.				
RAK Porcelain USA Inc.	USA	100%	100%	Trading of tableware
K Subsidiaries of RAK Ceramics India Private Limited				
Gris Ceramics Limited Liability Partnership	India	51%	51%	Manufacturing of ceramic tiles
Gryphon Ceramics Private Limited	India	51%	51%	Manufacturing of ceramic tiles
Totus Ceramics India Private Limited	India	100%	100%	Trading of ceramic tiles and sanitary ware
RAK Retail Pvt. LTD	India	51%	-	Trading of ceramic tiles and sanitary ware
L Joint Venture of RAK Ceramics Australia PTY LTD				
Massa Imports PTY Limited	Australia	50%	50%	Trading in ceramic tiles
M Subsidiary of RAK Ceramics Australia PTY Ltd.				
Touchstone Holdings Pty Ltd. Australia	Australia	100%	100%	Trading of Tiles and Sanitary ware
N Subsidiary of Touchstone Holdings Pty Ltd.				
RAK Ceramics Pty Ltd. Australia	Australia	100%	100%	Trading of Tiles and Sanitary ware
O Associate of Restofair RAK LLC				
Naranjee Hirjee Hotel Supplies LLC	Oman	25%	25%	Hotel supplies
P Subsidiary of RAK Ceramics Austria GmbH				
Scheffer Beteiligungs GmbH (DE)	Germany	100%	100%	Investment company
Kludi Armaturen GmbH & Co. KG (AT)	Austria	100%	100%	Manufacturing and trading of faucets
Kludi Armaturen GmbH (AT)	Austria	100%	100%	Investment Company
Kludi GmbH & Co. KG (DE)	Germany	100%	100%	Manufacturing and trading of faucets
Kludi Management GmbH (DE)	Germany	100%	100%	Investment Company
Q Subsidiary of Kludi Armaturen Austria GmbH				
Kludi Armaturen SP. Z.O.O. (PL)	Poland	100%	100%	Trading of faucets
Kludi Szerelvenyek (HU)	Hungary	99.46%	99.46%	Manufacturing and trading of faucets
Kludi France S.A.R.L.	France	100%	100%	Trading of faucets
Kludi Sanitary Products Shanghai	China	100%	100%	Trading of faucets
S.C Kludi Romania S.R.L.	Romania	99.99%	99.99%	Trading of faucets
Kludi RAK India (refer Y below)	India	43.90%	43.90%	Trading of Faucets

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

37. SUBSIDIARIES AND EQUITY ACCOUNTED INVESTEES (CONTD.)

Name of the entity	Country	Ownership interest 2024	2023	Principal activities
R Associates of Kludi Szerelvenyek (HU)				
S.C Kludi Romania S.R.L.	Romania	0.01%	0.01%	Trading of faucets
S Subsidiary of Kludi Szerelvenyek (HU)				
Kludi Bulgaria EOOD	Bulgaria	100%	100%	Trading of faucets
T Subsidiary of Kludi GmbH & Co. KG (DE)				
Kludi Benelux C.V. (NL)	Netherlands	90%	90%	Trading of faucets
Kludi UK Ltd.	United Kingdom	100%	100%	Dormant
U Associates of Scheffer Beteiligungs GmbH (DE)				
Kludi Benelux C.V. (NL) (refer T above)	Netherlands	10%	10%	Trading of faucets
V Subsidiary of Kludi GmbH & Co. KG (DE)				
Kludi Asia-Pacific LLP (Singapore)	Singapore	100%	100%	Dormant
Kludi Armaturen Austria GmbH	Austria	100%	100%	Manufacturing and trading of faucets
W Subsidiary of Kludi Armaturen SP. Z.O.O. (PL)				
Kludi Armaturen S.R.O. (CZ)	Czech Republic	100%	100%	Trading of faucets
Kludi Myjava S.R.O. (SK)	Slovakia	100%	100%	Trading of faucets
X Subsidiary of Kludi France S.A.R.L.				
Kludi Armaturen Espana	Spain	100%	100%	Dormant
Y Subsidiary of Kludi RAK, LLC				
Kludi RAK Egypt	Egypt	100%	100%	Trading of Faucets
Kludi RAK India(refer Q above)	India	56.10%	56.10%	Trading of Faucets

* RAK Ceramics Holding LLC has a nominal beneficial shareholdings in Elegance Ceramics LLC (0.01%), Acacia Hotels LLC (0.002%), AL Jazeera Utility Services LLC(1%), Ceramin FZ LLC (0.01%), AL Hamra Construction Company LLC (0.001%), Kludi RAK LLC(1%), Altek Emirates LLC (1%), Ceramin India Private Ltd. India (0.01%).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

38. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS

The Group makes estimates and assumptions which affect the reported amounts of assets and liabilities within the next financial year. Estimates and critical accounting judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements are as follows.

Critical accounting judgements

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful life and residual value of property, plant and equipment and investment properties

The Group estimates the useful lives of property, plant and equipment and investment properties based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and on historical experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Fair valuation of investment properties

The Group follows the Cost Model per IAS 40 whereby investment properties are stated at cost less accumulated depreciation and impairment losses, if any. Fair values of investment properties are disclosed in Note 18. The fair values for buildings have been determined by taking into consideration both income/profits and comparable sales approach having regard to market rental and transactional evidence. Fair values for land have been determined either having regard to recent market transactions in the vicinity or by using the residual method.

Allowance for slow moving inventories and net realizable value write down on inventories

The Group reviews its inventory for any write down to net realizable value on a regular basis. In determining whether a provision for slow moving inventory should be recorded in profit and loss, the Group makes judgments as to whether there is any observable data indicating that there is any future salability of the product and the net realizable value for the product. Provision is made where the net realizable value is less than cost based on best estimates by management. The provision for slow moving inventory is based on its ageing and the past trend of consumption.

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from each cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

38. SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS (CONTD.)

Impairment of goodwill Continued)

Management has carried out an impairment test for goodwill at the year end and has concluded that no impairment has taken place. For this purpose, the recoverable amount of each cash generating unit has been determined based on a value-in-use calculation using cash flow projections, using financial budgets approved by senior management, covering a five-year period. Cash flows beyond the five-year period are extrapolated using a growth rate which management believes approximates the long-term growth rate for the industry in which the cash generating unit operates.

Key assumptions used for the calculation of value-in-use

The calculation of value-in-use is sensitive to the following assumptions:

Growth rate

Growth rates are based on management's assessment of the market share having regard to the forecast growth and demand for the products offered. Growth rates of 3% per annum have been applied in the calculation.

Profit margins

Profit margins are based on management's assessment of achieving a stable level of performance based on the approved business plan of the cash generating unit for the next five years.

Discount rates

Management has used a discount rate of 12% - 14% per annum throughout the assessment period, reflecting the estimated weighted average cost of capital of the Group and specific market risk profile.

Calculation of loss allowance

When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

If the ECL rates on trade receivables between 91 and 180 days past due had been 5 per cent higher (lower) as of 31 December 2024, the loss allowance on trade receivables would have been AED 0.31 million (2023: AED 0.33 million) higher (lower).

If the ECL rates on trade receivables between 181 and 360 days past due had been 5 per cent higher (lower) as of 31 December 2024, the loss allowance on trade receivables would have been AED 0.43 million (2023: AED 1.26 million) higher (lower).

Notes to the consolidated financial statements (contd.)

for the year ended 31 December 2024

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 12 February 2025.

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