



Condensed Consolidated  
Interim Financial Information

*30 June 2022*

# **RAK Ceramics PJSC and its Subsidiaries**

Condensed consolidated interim financial information  
*30 June 2022*

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**Dear Members,**

It is our pleasure to present the business & operations report for the six months period ending 30<sup>th</sup> June 2022, along with the consolidated financial information for the Group for the same period.

**Snapshots for Q2 2022**

- Remarkably strong quarterly top-line results hitting all-time high
- Total revenue in Q2 2022 increased by 32.3% year on year to AED 927.0 million
- Q2 2022 reported net profit stands at AED 102.2 million, up by 7.7% year on year
- Total gross profit margin reached an all-time high in Q2 2022 up by 0.3% year on year to 38.4%
- Acquisition of 100% stake in KLUDI Group & 37% minority stake in RAK Porcelain
- The Board of Directors proposed an interim dividend of 10 fils per share for H1 2022, subject to necessary regulatory and statutory approvals

The Company remains focused on the goals to achieve a sustainable and continued growth in scale and profitability. In Q2 2022, the Company reinforced brand perception and customer experience, strengthened retail footprint and visibility, further increased production efficiencies and enhanced capacity utilization. The Company remained diligent on optimizing logistics operations with better supply chain management and inventory control, to mitigate rising challenges. The Company was also successful in maintaining an adequate liquidity position for Q2 2022, despite consolidation activity and challenging environment, enabling the Company to comfortably meet pay-out commitments.

The Company is also proud to announce that it has concluded the acquisition of KLUDI Group, launched the process of buying out RAK Porcelain's minority positions, and approved RAK Ceramics Bangladesh expansionary project.

**Strategic Highlights**

On 31 May 2022, RAK Ceramics completed the transaction of acquiring 100% stake in the Germany based KLUDI Group, including 49% stake in our existing joint venture KLUDI RAK in UAE. This strategic acquisition represents an opportunity for RAK Ceramics to spearhead expansion and strengthen its core businesses across European markets, in addition to strengthening its position internationally as a ceramic lifestyle solution provider. The company, to-date, has completed 40% acquisition of RAK Porcelain following an all-cash proposal shared to all minority shareholders, of which 37% were acquired as of 30 June 2022 and an additional 3% stake was added in July 2022, bringing RAK Ceramics ownership position up to 90% with further stake acquisitions currently under negotiations.

In support of expansionary plans, the company approved RAK Ceramics Bangladesh greenfield expansion project which is estimated to add a capacity of 4.8m sqm in Tiles annually starting Q1 2025 and 400k pcs in Faucets annually starting Q2 2024.

## Financial Performance

RAK Ceramics delivered a strong performance during Q2 2022 despite the unprecedented environment and increased global uncertainties. Total revenue for Q2 2022 increased 32.3% to AED 927.0 million and H1 2022 increased by 20.1% to AED 1.71 billion compared to same period last year, driven by a strong growth across all core businesses. KLUDI Group consolidation, effective 1st of June 2022, added AED 50.4 million in Q2 2022 revenue. Reported net profit increased to AED 102.2 million for Q2 2022 and AED 171.9 million for H1 2022 due to higher revenue and gross profit margins. Total gross profit margin increased by 0.3% year on year to reach 38.4% for Q2 2022 and by 1.2% year on year to reach 37.8% for H1 2022 despite increase in production costs and the imposition of 12% custom duty by Saudi Arabia, effective 1st July 2021. Tiles revenue increased by 25.9% year on year to reach AED 595.1 million in Q2 2022 and by 11.9% year on year to reach AED 1.1 billion in H1 2022. Growth was driven by increase in volumes and in selling price across all markets – except for a stabilization felt in H1 2022 figures for the Saudi Arabian market given introduction of custom duty and supply disruption in Q1 2022. Sanitaryware revenue grew by 7.5% in Q2 2022 and by 10.3% in H1 2022 at AED 146.3 million and AED 301.2 million, respectively, driven by growth in all markets except the Saudi Arabian market. Tableware revenue increased by 60.0% year on year to AED 89.3 million in Q2 2022 and 70.3% year on year to AED 164.9 million in H1 2022 following market rebound post-pandemic.

### Segmental Review – Tiles and Sanitaryware

In the UAE, revenue grew by 24.5% compared to same period last year, driven by growing construction demand and favorable real estate market conditions, increase in selling prices and an uplift in the brand's retail presence. RAK Ceramics' position in Saudi Arabia increased by 25.6% compared to same period last year. Company continues to focus on growing its presence in KSA by securing highly profitable projects and expanding its retail footprint. In Europe, RAK Ceramics witnessed rigid growth in top-line following a strengthened brand positioning despite market slowdown; revenue increased by 1.8% year on year while higher shipping costs weighing in on bottom-line performance. In the Middle East (excluding UAE and KSA), RAK Ceramics continued its solid growth with revenue up by 27.0% for the reported period compared to Q2 2021 underpinned by an increased brand exposure and expanding the distribution network. In India, revenue up by 55.4% year on year, driven mostly by increased tiles sales, on the back of increase in dealers network footprint and expansion in retail presence. In Bangladesh, revenue increased by 11.3% year on year supported by better brand visibility and price adjustments following increase in input costs and import freight. Despite the registered growth in revenues, higher energy costs and currency devaluation weighed in on Q2 2022 bottom-line.

### Stable liquidity position

Net debt increased by AED 351m Quarter-on-Quarter in Q2 2022 to reach AED 1.32bn as of June 2022, following the acquisition of KLUDI Group and RAK Porcelain during Q2 2022.

### Financial highlights for the six month period ending 30<sup>th</sup> June 2022

Particulars	Unit	Six months to 30 June 2022	Six months to 30 June 2021	Change
Total Revenue	AED Mio	1,710.1	1,423.5	20.1%
Gross Profit	AED Mio	645.7	520.0	24.2%
GP Margin	%	37.8%	36.5%	+130 bps
EBITDA *	AED Mio	266.4	256.0	4.1%
EBITDA Margin	%	15.6%	18.0%	-240 bps
Reported Net Income/(Loss)	AED Mio	171.9	157.6	9.1%
Reported Net Income / (Loss) margin	%	10.1%	11.1%	-100 bps

Particulars	Unit	Six months to 30 June 2022	Six months to 30 June 2021	Change
Net income before one-off, provisions & strategic gains	AED Mio	173.4	136.3	27.2%
Net income margin before one-off, provisions & strategic gains	%	10.1%	9.6%	50 bps
Reported Profit / (Loss) after NCI (Minority)	AED Mio	147.8	148.5	-0.5%
Reported Earnings per share	AED	0.15	0.15	-
		<b>30 June 2022</b>	<b>31 December 2021</b>	<b>Change</b>
Total Assets	AED Mio	5,544.3	5,096.7	8.8%
Share Capital	AED Mio	993.7	993.7	0.0%
Shareholder's Equity	AED Mio	2,154.4	2,231.6	-3.5%
Net Debt	AED Mio	1,325.8	971.2	36.5%
Net Debt / EBITDA	Times	2.6	1.9	33.5%
Cost of Debt	%	3.7%	3.4%	+30 bps

\* EBITDA amount and Net Debt/EBITDA for the six months period ending 30<sup>th</sup> June 2022 is after considering extraordinary impairment loss on dues in relation to other receivables, AED 27.6 million.

## CSR activities, exhibitions, sponsorships and awards

### Events & Sponsorships

- The Company welcomed the key officials of Kludi Group to decide on the strategies of the business.
- The Company launched the Design Hub event in the UK.
- The Company sponsored Clerkenwell Design Week event in the UK.

### Awards

- The Company received the 'Manufacturer of the Year' award at the MEA Business Awards,
- The CEO received the 'Top CEO' Award by the Top CEO Magazine as well as the CEO Middle East's 'Leader of the Year' award

### Future Outlook

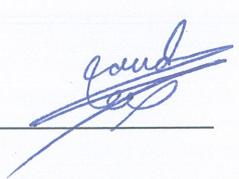
We remain committed to solidifying our positioning as a global provider of premium ceramic lifestyle solutions and to continuously adding value to our shareholders by focusing on market share preservation, brand positioning, product differentiation, sustainable investments and digital transformation.

## Financial Reporting

The consolidated interim financial information of the Company, 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

02 AUG 2022

  
Group Chief Executive Officer

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

Condensed consolidated interim financial information  
for the six months period ended 30 June 2022

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

Condensed consolidated interim financial information  
30 June 2022

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## INDEPENDENT AUDITOR'S REVIEW REPORT

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

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of **R. A. K Ceramics P.J.S.C. (the "Company") and its subsidiaries (together the "Group")**, Ras Al Khaimah, United Arab Emirates, as at 30 June 2022 and the related condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, cash flows and changes in equity for the six months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

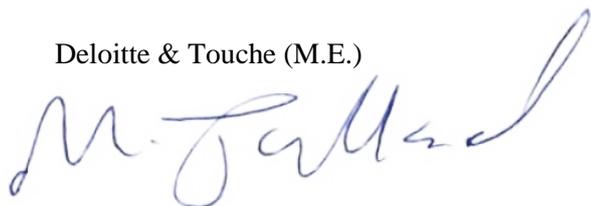
### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

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

Deloitte & Touche (M.E.)



Signed by:  
Mohammad Jallad  
Registration No. 1164  
02 August 2022  
Sharjah, United Arab Emirates

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

Condensed consolidated statement of profit or loss (unaudited)  
for the six months and three months period ended 30 June 2022

	Notes	Six months period ended 30 June		Three months period ended 30 June	
		2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
<b>Revenue</b>	5	<b>1,710,086</b>	1,423,541	<b>927,023</b>	700,770
Cost of sales	6	<b>(1,064,399)</b>	(903,511)	<b>(570,688)</b>	(433,918)
<b>Gross profit</b>		<b>645,687</b>	520,030	<b>356,335</b>	266,852
Administrative and general expenses	7	<b>(109,404)</b>	(103,733)	<b>(59,273)</b>	(54,163)
Selling and distribution expenses	8	<b>(347,616)</b>	(261,065)	<b>(186,157)</b>	(135,449)
Other income	26	<b>42,167</b>	48,205	<b>22,023</b>	37,756
Finance costs	9	<b>(39,883)</b>	(45,953)	<b>(22,560)</b>	(18,447)
Finance income	9	<b>3,268</b>	11,667	<b>2,120</b>	1,573
Loss on net monetary position	25	<b>(2,362)</b>	(1,059)	<b>(1,679)</b>	(541)
Share of profit in equity accounted investees	10	<b>5,514</b>	7,705	<b>2,439</b>	4,250
<b>Profit before impairment losses and gain on acquisition</b>		<b>197,371</b>	175,797	<b>113,248</b>	101,831
Impairment loss	7(i)	<b>(42,577)</b>	(10,404)	<b>(35,097)</b>	(4,743)
Impairment loss on property, plant and equipment		<b>(2,906)</b>	-	<b>(2,906)</b>	-
Gain on acquisition of subsidiaries	7(ii)	<b>32,374</b>	-	<b>32,374</b>	-
<b>Profit before tax</b>		<b>184,262</b>	165,393	<b>107,619</b>	97,088
Tax expense		<b>(12,319)</b>	(7,838)	<b>(5,411)</b>	(2,208)
<b>Profit for the period</b>		<b>171,943</b>	157,555	<b>102,208</b>	94,880
<i>Profit attributable to:</i>					
Owners of the Company		<b>147,773</b>	148,491	<b>91,184</b>	87,817
Non-controlling interests		<b>24,170</b>	9,064	<b>11,024</b>	7,063
<b>Profit for the period</b>		<b>171,943</b>	157,555	<b>102,208</b>	94,880
<b>Earnings per share</b>					
- basic and diluted (AED)	11	<b>0.15</b>	0.15	<b>0.09</b>	0.09

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

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

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

for the six months and three months period ended 30 June 2022

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000	2021 AED'000	2022 AED'000	2021 AED'000
<b>Profit for the period</b>	<b>171,943</b>	157,555	<b>102,208</b>	94,880
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign exchange differences on translation of foreign operations	<b>(36,755)</b>	(3,814)	<b>(35,664)</b>	(2,408)
Cash flow hedges – effective portion of changes in fair value gain/(loss) on hedging instruments	<b>22,463</b>	14,035	<b>6,376</b>	2,896
Effects of application of hyperinflation accounting (Note 25)	<b>7,684</b>	3,180	<b>6,019</b>	1,617
<b>Total comprehensive income for the period</b>	<b>165,335</b>	170,956	<b>78,939</b>	96,985
<i>Total comprehensive income attributable to:</i>				
Owners of the Company	<b>151,062</b>	162,786	<b>76,643</b>	90,632
Non-controlling interests	<b>14,273</b>	8,170	<b>2,296</b>	6,353
<b>Total comprehensive income for the period</b>	<b>165,335</b>	170,956	<b>78,939</b>	96,985

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

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

## Condensed consolidated statement of financial position as at 30 June 2022

	Notes	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	1,215,436	1,088,236
Goodwill	13	119,891	120,500
Right-of-use assets		94,885	69,881
Intangible assets		20,647	20,531
Investment properties	14	914,189	918,826
Investments in equity accounted investees	10	12,349	55,006
Long-term receivables	15(i)	3,961	2,505
Derivative financial assets	18	8,735	2,811
Deferred tax assets		5,925	3,720
<b>Total non-current assets</b>		<b>2,396,018</b>	<b>2,282,016</b>
<b>Current assets</b>			
Inventories	16	1,274,370	1,086,048
Trade and other receivables	15	1,281,265	1,124,477
Due from related parties	17	33,515	36,988
Derivative financial assets	18	7,982	1,866
Bank deposits with an original maturity of more than three months	19	95,260	202,339
Cash and cash equivalents	19	455,859	362,982
<b>Total current assets</b>		<b>3,148,251</b>	<b>2,814,700</b>
<b>Total assets</b>		<b>5,544,269</b>	<b>5,096,716</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	20	993,703	993,703
Reserves		1,160,711	1,237,856
<b>Equity attributable to owners of the Company</b>		<b>2,154,414</b>	<b>2,231,559</b>
Non-controlling interests		142,812	226,535
<b>Total equity</b>		<b>2,297,226</b>	<b>2,458,094</b>
<b>Non-current liabilities</b>			
Islamic bank financing	21a(ii)	333,141	303,309
Interest bearing bank financing	21b(ii)	574,206	480,639
Provision for employees' end of service benefits		131,752	82,740
Lease liabilities		72,715	48,164
Derivative financial liabilities	18	-	1,157
Deferred tax liabilities		26,152	10,131
<b>Total non-current liabilities</b>		<b>1,137,966</b>	<b>926,140</b>
<b>Current liabilities</b>			
Islamic bank financing	21a(i)	316,601	212,365
Interest bearing bank financing	21b(i)	652,929	540,187
Trade and other payables	22	897,219	711,206
Due to related parties	17	26,383	28,343
Derivative financial liabilities	18	4,329	7,853
Lease liabilities		27,601	25,726
Provision for taxation		184,015	186,802
<b>Total current liabilities</b>		<b>2,109,077</b>	<b>1,712,482</b>
<b>Total liabilities</b>		<b>3,247,043</b>	<b>2,638,622</b>
<b>Total equity and liabilities</b>		<b>5,544,269</b>	<b>5,096,716</b>

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

Chairman

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

02 AUG 2022

Chief Executive Officer

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

## Condensed consolidated statement of cash flows (unaudited)

for the six months period ended 30 June 2022

	Six months period ended 30 June	
	2022	2021
	AED'000	AED'000
<b>Operating activities</b>		
Profit for the period before tax	<b>184,262</b>	165,393
<i>Adjustments for:</i>		
Share of profit in equity accounted investees	<b>(5,514)</b>	(7,705)
Interest expense	<b>22,575</b>	23,564
Profit expense on Islamic bank financing	<b>5,607</b>	6,517
Interest income	<b>(3,110)</b>	(3,148)
Profit on wakala deposits	<b>(158)</b>	(67)
Interest expense on lease liabilities	<b>2,787</b>	2,388
Net change in fair value of derivative financial instruments	<b>5,742</b>	(8,452)
Gain on disposal of property, plant and equipment	<b>(13)</b>	(201)
Gain on acquisition of subsidiaries	<b>(32,374)</b>	-
Gain on disposal of assets classified as held for sale	<b>-</b>	(50,118)
Loss on de-recognition of excess lease rent recognized in earlier years	<b>-</b>	27,184
Depreciation of property, plant and equipment	<b>62,291</b>	63,675
Depreciation of investment properties	<b>5,378</b>	5,108
Amortisation of intangible assets	<b>3,018</b>	3,741
Depreciation of right-of-use assets	<b>13,261</b>	11,960
Provision for employees' end-of-service benefits	<b>11,625</b>	10,088
Loss on net monetary position	<b>2,362</b>	1,059
Allowance for slow moving and obsolete inventories	<b>13,220</b>	20,913
Write-down of cost of finished goods	<b>7,309</b>	8,955
Impairment loss on trade receivables	<b>14,776</b>	13,095
Impairment reversal on due from related parties	<b>-</b>	(2,691)
Impairment loss on other receivables	<b>27,551</b>	-
Impairment loss on bank balances	<b>250</b>	-
Impairment loss on property, plant and equipment	<b>2,906</b>	-
	<b>343,751</b>	291,258
Changes in:		
- inventories	<b>(57,546)</b>	(2,021)
- trade and other receivables (including long-term portion)	<b>(99,667)</b>	(56,367)
- due from related parties	<b>3,473</b>	(2,036)
- trade and other payables	<b>33,960</b>	66,762
- due to related parties	<b>8,739</b>	17,493
Income tax paid	<b>(6,191)</b>	(5,695)
Employees' end-of-service benefits paid	<b>(4,007)</b>	(4,968)
Currency translation adjustments	<b>(4,673)</b>	1,504
<b>Net cash generated from operating activities</b>	<b>217,839</b>	305,930

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

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

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

for the six months period ended 30 June 2022

	<b>Six months period ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>AED'000</b>	<b>AED'000</b>
<b>Investing activities</b>		
Additions to property, plant and equipment	(59,516)	(33,778)
Proceeds from disposal of property, plant and equipment	249	1,518
Additions to intangible assets	(240)	(160)
Dividend received from equity accounted investees	388	214
Interest received	3,110	3,148
Profit received on Wakala deposits	158	67
Proceeds from disposal of assets held for sale	-	69,648
Proceeds on/(deposits made) maturity of bank deposits with an original maturity of more than three months	107,079	(23,644)
Cash paid for acquisition of further shares in a subsidiary	(203,500)	-
Cash paid for settlement of liabilities of the acquired subsidiary	(17,332)	-
Cash paid for acquisition of subsidiaries	(56,760)	-
Cash acquired as part of acquisition of subsidiaries	(29,269)	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(255,633)</b>	<b>17,013</b>
<b>Financing activities</b>		
Long-term bank financing availed	262,776	184,155
Long-term bank financing repaid	(114,771)	(126,296)
Long-term Islamic bank financing availed	98,447	-
Long-term Islamic bank financing repaid	(60,436)	(97,798)
Repayment of lease liabilities	(18,907)	(17,382)
Short-term bank financing availed	287,589	361,057
Short-term bank financing repaid	(282,833)	(406,479)
Short-term Islamic bank financing availed	267,310	189,981
Short-term Islamic bank financing repaid	(171,253)	(286,177)
Interest paid	(22,575)	(23,564)
Profit paid on Islamic bank financing	(5,607)	(6,517)
Remuneration paid to Board of Directors	(3,574)	(1,850)
Dividend paid	(99,370)	(74,528)
Dividend paid to non-controlling interests	(19,814)	(10,185)
<b>Net cash generated from/(used in) financing activities</b>	<b>116,982</b>	<b>(315,583)</b>
<b>Net increase in cash and cash equivalents</b>	<b>79,188</b>	<b>7,360</b>
Cash and cash equivalents at the beginning of the period	294,081	366,078
<b>Net cash and cash equivalents at the end of the period</b>	<b>373,269</b>	<b>373,438</b>
<b>Represented by:</b>		
Cash and cash equivalents	455,859	430,989
Bank overdrafts	(82,590)	(57,551)
	<b>373,269</b>	<b>373,438</b>

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

R.A.K Ceramics P.J.S.C. and its subsidiaries  
Condensed consolidated statement of changes in equity (unaudited)  
for the six months period ended 30 June 2022

	Attributable to owners of the Company											Non-controlling interests (NCI)	Total equity
	Share capital	Share premium	Legal reserve	Translation reserve	Hyper-inflation reserve*	Hedging reserve	General reserve	Capital reserve	Retained earnings	Total reserves	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Balance at 1 January 2022</b>	<b>993,703</b>	<b>221,667</b>	<b>568,803</b>	<b>(130,569)</b>	<b>(168,321)</b>	<b>(9,010)</b>	<b>82,805</b>	<b>75,040</b>	<b>597,441</b>	<b>1,237,856</b>	<b>2,231,559</b>	<b>226,535</b>	<b>2,458,094</b>
<b>Total comprehensive income/(loss) for the period (unaudited)</b>													
Profit for the period	-	-	-	-	-	-	-	-	147,773	147,773	147,773	24,170	171,943
<b>Other comprehensive income/(loss)</b>													
Foreign exchange differences on translation of foreign operations	-	-	-	(26,406)	(452)	-	-	-	-	(26,858)	(26,858)	(9,897)	(36,755)
Changes in cash flow hedges	-	-	-	-	-	22,463	-	-	-	22,463	22,463	-	22,463
Effects of application of IAS 29 (refer Note 25)	-	-	-	-	7,684	-	-	-	-	7,684	7,684	-	7,684
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,406)</b>	<b>7,232</b>	<b>22,463</b>	<b>-</b>	<b>-</b>	<b>147,773</b>	<b>151,062</b>	<b>151,062</b>	<b>14,273</b>	<b>165,335</b>
<b>Other equity movements (unaudited)</b>													
Directors' annual remuneration (refer Note 23(ii))	-	-	-	-	-	-	-	-	(3,574)	(3,574)	(3,574)	-	(3,574)
<b>Transaction with owners (unaudited)</b>													
Dividend paid (refer Note 23(i))	-	-	-	-	-	-	-	-	(99,370)	(99,370)	(99,370)	-	(99,370)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(19,814)	(19,814)
Acquisition of NCI	-	-	-	-	-	-	-	-	-	-	-	55	55
Change in NCI due to acquisitions	-	-	-	-	-	-	-	-	(125,263)	(125,263)	(125,263)	(78,237)	(203,500)
<b>Balance at 30 June 2022 (unaudited)</b>	<b>993,703</b>	<b>221,667</b>	<b>568,803</b>	<b>(156,975)</b>	<b>(161,089)</b>	<b>13,453</b>	<b>82,805</b>	<b>75,040</b>	<b>517,007</b>	<b>1,160,711</b>	<b>2,154,414</b>	<b>142,812</b>	<b>2,297,226</b>

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

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

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

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

for the six months period ended 30 June 2022

	Attributable to owners of the Company											Non-controlling interests (NCI)	Total equity
	Reserves												
	Share capital	Share premium	Legal reserve	Translation reserve	Hyper-inflation reserve*	Hedging reserve	General reserve	Capital reserve	Retained earnings	Total reserves	Total		
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
<b>Balance at 1 January 2021</b>	<b>993,703</b>	<b>221,667</b>	<b>568,020</b>	<b>(116,913)</b>	<b>(175,012)</b>	<b>(33,814)</b>	<b>82,805</b>	<b>75,040</b>	<b>527,501</b>	<b>1,149,294</b>	<b>2,142,997</b>	<b>206,902</b>	<b>2,349,899</b>
<b>Total comprehensive income/(loss) for the period (unaudited)</b>													
Profit for the period	-	-	-	-	-	-	-	-	148,491	148,491	148,491	9,064	157,555
<b>Other comprehensive income/(loss)</b>													
Foreign exchange differences on translation of foreign operations	-	-	-	(3,512)	592	-	-	-	-	(2,920)	(2,920)	(894)	(3,814)
Changes in cash flow hedges	-	-	-	-	-	14,035	-	-	-	14,035	14,035	-	14,035
Effects of application of IAS 29 (refer Note 25)	-	-	-	-	3,180	-	-	-	-	3,180	3,180	-	3,180
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,512)</b>	<b>3,772</b>	<b>14,035</b>	<b>-</b>	<b>-</b>	<b>148,491</b>	<b>162,786</b>	<b>162,786</b>	<b>8,170</b>	<b>170,956</b>
<b>Other equity movements (unaudited)</b>													
Directors' annual remuneration (refer Note 23(ii))	-	-	-	-	-	-	-	-	(1,850)	(1,850)	(1,850)	-	(1,850)
<b>Transaction with owners (unaudited)</b>													
Dividend paid (refer Note 23(i))	-	-	-	-	-	-	-	-	(74,528)	(74,528)	(74,528)	-	(74,528)
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(10,185)	(10,185)
<b>Balance at 30 June 2021 (unaudited)</b>	<b>993,703</b>	<b>221,667</b>	<b>568,020</b>	<b>(120,425)</b>	<b>(171,240)</b>	<b>(19,779)</b>	<b>82,805</b>	<b>75,040</b>	<b>599,614</b>	<b>1,235,702</b>	<b>2,229,405</b>	<b>204,887</b>	<b>2,434,292</b>

\* 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 the condensed consolidated interim financial information.

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

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

for the six months period ended 30 June 2022

### 1. General information

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

The condensed consolidated interim financial information as at and for the six months period ended 30 June 2022 comprises the financial information of the Company and its subsidiaries (collectively referred to as "Group" and individually as "Group entities") and the Group's interest in equity accounted investees.

The principal activities of the Group are manufacturing and sale of a variety of ceramic products including tiles, bathroom sets, sanitary wares and table wares. The Company and certain Group entities are engaged in investing in other entities, in UAE or globally, that undertake similar or ancillary activities. Accordingly, the Company also acts as a Holding Company of the Group entities. The Group is also engaged in contracting and other industrial manufacturing activities.

Federal Law No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 and has come into effect on 2 January 2022, to entirely replace Federal Law No. 2 of 2015 on Commercial Companies, as amended (the "2015 Law"). The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

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

The accounting policies used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

#### 2.1 New and revised IFRSs adopted by the Group

In the current period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current period but may affect the accounting for the Group's future transactions or arrangements.

- Amendments relating IAS 16, IAS 37, IFRS 3 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16.
- Amendments to IFRS 9 clarifying that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2022.

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

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

for the six months period ended 30 June 2022

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

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

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

- IFRS 17 ‘Insurance Contracts’ relating to providing a more uniform measurement and presentation approach for all insurance contracts (effective for annual periods beginning after 1 January 2023).
- Amendments to IFRS 10 ‘Consolidated Financial Statements’ and IAS 28 ‘Investments in Associates and Joint Ventures’ (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture (effective date deferred indefinitely, early adoption permitted).
- IAS 1 ‘Presentation of Financial Statements’ – Amendments on classifications of liabilities. Effective for annual period beginning on or after 1 January 2023.
- IFRS 4 ‘Insurance contracts’ relating to amendments regarding the expiry date of the deferral approach. The fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 is now 1 January 2023.
- Amendments regarding Disclosure of Accounting policies (IAS 1 and IFRS practice statement 2), amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’—Definition of Accounting Estimates and Amendments to IAS 12 ‘Income Taxes’—Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).

### 3 Summary of significant accounting policies

#### Basis of preparation

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

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

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

The accounting policies, presentation and methods in the condensed consolidated interim financial information are consistent with those used in the audited annual consolidated financial statements for the year ended 31 December 2021.

The condensed consolidated interim financial information does not include all the information required for annual consolidated financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at and for the year ended 31 December 2021. No income of a seasonal nature was recorded in the condensed consolidated statement of profit or loss for the six months period ended 30 June 2022 and 2021. In addition, results for the six months period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

### 4. Changes in judgements and estimation uncertainty

The critical judgements and estimates used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the Group’s audited annual consolidated financial statements for the year ended 31 December 2021.

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

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

for the six months period ended 30 June 2022

### 5. Revenue

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Sale of goods	1,700,205	1,420,092	922,196	699,265
Others	9,881	3,449	4,827	1,505
	<b>1,710,086</b>	<b>1,423,541</b>	<b>927,023</b>	<b>700,770</b>

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

### 6. Cost of sales

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Raw materials consumed	567,859	403,305	313,104	196,820
Change in inventory of finished goods	(24,228)	48,482	(21,529)	11,005
Allowance for slow moving inventories	13,220	20,913	5,662	3,706
Direct labor	120,906	102,067	67,299	53,852
Power and fuel	56,245	65,766	29,365	34,154
LPG and natural gas	130,972	90,605	71,083	46,838
Depreciation of property, plant and equipment	51,054	53,467	26,047	26,338
Depreciation of right-of-use assets	398	25	385	12
Amortization of intangible assets	26	-	26	-
Repairs and maintenance expense	57,159	49,482	30,506	25,075
Packing material expenses	63,367	51,466	33,501	25,949
Others	27,421	17,933	15,239	10,169
	<b>1,064,399</b>	<b>903,511</b>	<b>570,688</b>	<b>433,918</b>

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

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

for the six months period ended 30 June 2022

### 7. Administrative and general expenses

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Staff salaries and other associated costs	51,432	47,636	28,484	24,477
Depreciation of property, plant and equipment	6,044	6,223	3,140	3,026
Depreciation of investment properties	5,378	5,108	2,752	2,589
Depreciation of right-of-use assets	378	357	196	187
Amortization of intangible assets	2,992	3,741	1,503	1,871
Telephone, postal and office supplies	2,755	2,532	1,602	1,462
Repairs and maintenance expenses	3,422	2,485	1,795	1,199
Legal and professional fees	7,066	6,410	3,493	3,965
Utility expenses	2,310	2,048	1,294	1,148
Security charges	547	1,244	139	905
Information technology licenses and consultancy expenses	6,296	6,288	3,282	2,399
Expenses on investment properties	3,365	3,699	1,767	2,126
Others	17,419	15,962	9,826	8,809
	<b>109,404</b>	<b>103,733</b>	<b>59,273</b>	<b>54,163</b>

#### 7(i) Impairment loss

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Impairment loss on trade receivables	14,776	13,095	7,296	7,449
Impairment loss on other receivables	27,551	-	27,551	-
Impairment reversal on due from related parties	-	(2,691)	-	(2,706)
Impairment loss on bank balances (refer Note 20)	250	-	250	-
	<b>42,577</b>	<b>10,404</b>	<b>35,097</b>	<b>4,743</b>

#### 7(ii) Gain on acquisition of subsidiaries

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Gain on fair valuation of pre-existing share in equity accounted investee (refer Note 10)	9,114	-	9,114	-
Gain on bargain purchase (refer Note 27(A))	23,260	-	23,260	-
	<b>32,374</b>	<b>-</b>	<b>32,374</b>	<b>-</b>

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

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

for the six months period ended 30 June 2022

### 8. Selling and distribution expenses

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Staff salaries and other associated costs	82,744	65,223	45,100	33,460
Freight and transportation	187,939	135,765	99,784	73,000
Agents' commission	14,879	15,781	6,621	8,635
Advertisement and promotions expense	27,996	16,927	16,352	6,939
Rental expenses	1,281	1,768	688	825
Travel and entertainment expenses	2,557	700	1,458	357
Depreciation of property, plant and equipment	5,193	3,985	2,583	2,020
Depreciation of right-of-use assets	12,485	11,578	6,447	5,991
Others	12,542	9,338	7,124	4,222
	<b>347,616</b>	<b>261,065</b>	<b>186,157</b>	<b>135,449</b>

### 9. Finance costs and income

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
<b>Finance costs</b>				
Interest on bank financing	22,555	23,538	12,009	11,408
Profit expense on Islamic bank financing	5,607	6,517	3,415	2,936
Interest on amount due to related parties	20	26	10	12
Interest expense on lease liabilities	2,787	2,388	1,642	1,188
Net change in the fair value of derivatives	5,742	-	4,403	1,591
Bank charges	2,128	1,653	1,081	961
Net foreign exchange loss	1,044	11,831	-	351
<b>Total (A)</b>	<b>39,883</b>	<b>45,953</b>	<b>22,560</b>	<b>18,447</b>
<b>Finance income</b>				
Interest on bank deposits	3,110	3,148	1,508	1,550
Profit on wakala deposits	158	67	93	23
Net change in the fair value of derivatives	-	8,452	-	-
Net foreign exchange gain	-	-	519	-
<b>Total (B)</b>	<b>3,268</b>	<b>11,667</b>	<b>2,120</b>	<b>1,573</b>
<b>Net finance costs (A-B)</b>	<b>36,615</b>	<b>34,286</b>	<b>20,440</b>	<b>16,874</b>

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

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

for the six months period ended 30 June 2022

### 10. Investments in equity accounted investees

The Group's share of profit in equity accounted investees for the six months period ended 30 June 2022 amounted to AED 5.51 million (unaudited) (six months period ended 30 June 2021 (unaudited): AED 7.71 million).

The Group has received AED 0.39 million (unaudited) as dividends during the current period from its equity accounted investees (six months period ended 30 June 2021 (unaudited): AED 0.21 million).

Prior to acquiring the remaining 49% equity interest in Kludi RAK LLC, UAE on 31 May 2022, the carrying value of the Group's 51% equity interest amounted to AED 47.28 million. Accordingly, the Group has fair valued its pre-existing 51% equity interest on acquisition at AED 56.39 million and recognized a fair value gain of AED 9.11 million at the date of acquisition. Also refer Note 27 (A).

### 11. Earnings per share

	Six months period ended 30 June		Three months period ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
Profit attributable to the owners of the Company (AED'000)	147,773	148,491	91,184	87,817
Weighted average number of ordinary shares ('000s)	993,703	993,703	993,703	993,703
<b>Basic and diluted earnings per share (AED)</b>	<b>0.15</b>	0.15	<b>0.09</b>	0.09

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

### 12. Property, plant and equipment

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

During the six months period ended 30 June 2022, the Group has acquired property, plant and equipment and made additions to capital work in progress amounting to AED 59.52 million (six months period ended 30 June 2021: AED 33.78 million). Also refer Note 27 (A).

Property, plant and equipment with a carrying amount of AED 0.24 million was disposed of during the current period (six months period ended 30 June 2020: AED 0.09 million) resulting in a gain on disposal of AED 13 thousand (gain on disposal, six months period ended 30 June 2021: AED 0.20 million) which is included in other income in the condensed consolidated statement of profit or loss.

Depreciation of property, plant and equipment for the current period amounted to AED 62.29 million (six months period ended 30 June 2021: AED 63.68 million). Below is the breakdown of property, plant and equipment inside and outside the U.A.E:

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Inside U.A.E	746,667	723,047
Outside U .A.E	468,769	365,189
	<b>1,215,436</b>	1,088,236

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

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

for the six months period ended 30 June 2022

### 13. Goodwill

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Opening balance	<b>120,500</b>	120,561
Effects of movements in exchange rate	<b>(609)</b>	(61)
Closing balance	<b>119,891</b>	120,500

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

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

### 14. Investment properties

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Inside U.A.E	<b>875,559</b>	880,222
Outside U.A.E	<b>38,630</b>	38,604
	<b>914,189</b>	918,826

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

The fair value of the Group's investment properties as at 31 December 2021 (audited) amounted to AED 1,028.05 million and was arrived at on the basis of valuations carried out by external valuers who have appropriate market experience in the valuation of properties. Management estimates that there has been no significant change in the fair value of investment properties during the six months period ended 30 June 2022.

The fair value of the Group's investment properties as at 31 December 2021 and the prior year has been arrived at on the basis of an independent property valuation as of those dates. The valuers possess appropriate qualifications and recent experience in the valuation of properties in the location and category of the property being valued. As a result of the current and prospective economic impact of the COVID 19 pandemic, the valuers have reported fair market values on the basis of 'material valuation uncertainty' as per VPS-3 and VPGA-10 of the RICS Red Book Global edition. In particular, the valuers noted that "consequently, less certainty and a higher degree of caution should be attached to the valuation than what would normally be the case. As such, lesser weight could be attached to previous market evidence for comparison purposes. The current response to COVID 19 means that we are faced with an unprecedented set of circumstances on which to base a judgement."

Investment properties are classified as Level 3 in the fair value hierarchy as at 30 June 2022 (31 December 2021: Level 3).

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

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

for the six months period ended 30 June 2022

### 15. Trade and other receivables

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Trade receivables	<b>1,114,796</b>	965,755
Less: Allowance for expected credit loss	<b>(208,106)</b>	(229,633)
<b>Subtotal (A)</b>	<b>906,690</b>	736,122
Other receivables	<b>119,844</b>	119,886
Less: Allowance for expected credit loss	<b>(33,791)</b>	(9,933)
<b>Subtotal (B)</b>	<b>86,053</b>	109,953
Advances and prepayments (C)	<b>261,577</b>	250,762
Deposits (D)	<b>26,945</b>	27,640
<b>Total (A+B+C+D)</b>	<b>1,281,265</b>	1,124,477

Other receivables include receivables due from a Sudanese Group of AED 53.8 million (gross AED 115.2 million) (2021: AED 81.3 million; gross AED 115.2 million). Post-dated cheques are held against some of the balance.

Considering the continued uncertain political situation in Sudan, including probable delays in recovery, the Group's management has made a provision of AED 27.6 million during the period, against the carrying value of these receivables (2021: AED 7.5 million- in December 2021). Group management continues to monitor the situation closely.

#### (i) Long-term receivables

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Trade receivables	<b>3,067</b>	3,262
Less: Allowance for expected credit loss	<b>(170)</b>	(252)
	<b>2,897</b>	3,010
Less : current portion included in trade receivables	<b>(544)</b>	(505)
<b>Long-term trade receivables (A)</b>	<b>2,353</b>	2,505
Other receivables	<b>109,722</b>	108,114
Less : Allowance for expected credit loss	<b>(32,808)</b>	(32,808)
	<b>76,914</b>	75,306
Less: current portion included in other receivables	<b>(75,306)</b>	(75,306)
<b>Long-term other receivables (B)</b>	<b>1,608</b>	-
<b>Long-term receivables (A+B)</b>	<b>3,961</b>	2,505

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

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

for the six months period ended 30 June 2022

### 16. Inventories

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Finished goods (net of net realizable value adjustments)	<b>907,757</b>	840,895
Less : Allowance for slow moving inventories	<b>(149,494)</b>	(136,305)
<b>Subtotal (A)</b>	<b>758,263</b>	704,590
Raw materials	<b>263,200</b>	227,212
Stores and spares	<b>236,255</b>	186,545
	<b>499,455</b>	413,757
Less : Allowance for slow-moving inventories	<b>(75,733)</b>	(72,848)
<b>Subtotal (B)</b>	<b>423,722</b>	340,909
Goods-in-transit (C)	<b>33,197</b>	19,314
Work-in-progress (D)	<b>59,188</b>	21,235
<b>Total (A+B+C+D)</b>	<b>1,274,370</b>	1,086,048

At 30 June 2022, the Group has recognized a cumulative loss due to write-down of finished goods inventories of AED 165.25 million against cost of AED 436.76 million (31 December 2021 (audited): AED 158.84 million against cost of AED 408.73 million) to bring it to its net realizable value which was lower than the cost. The difference in the write down of AED 7.31 million (unaudited) (six months period ended 30 June 2021 (unaudited): AED 8.95 million) is included in cost of sales in the condensed consolidated statement of profit or loss with a currency loss of AED 0.90 million for the period (unaudited) (six month periods ended 30 June 2021 (unaudited): AED 0.28 million).

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

### 17. Related party balances and transactions

The 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 period, other than those disclosed elsewhere in this condensed consolidated interim financial information are as follows:

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

	<b>Six months period ended 30 June</b>		<b>Three months period ended 30 June</b>	
	<b>2022 AED'000 (unaudited)</b>	2021 AED'000 (unaudited)	<b>2022 AED'000 (unaudited)</b>	2021 AED'000 (unaudited)
Sale of goods and services and construction contracts	<b>69,160</b>	54,108	<b>32,494</b>	24,626
Purchase of goods and rendering of services	<b>127,082</b>	137,735	<b>65,498</b>	80,420
Interest expense (refer note 9)	<b>20</b>	26	<b>10</b>	12

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

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

for the six months period ended 30 June 2022

### 17. Related party balances and transactions (continued)

#### Key management personnel compensation

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

	Six months period ended 30 June		Three months period ended 30 June	
	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)	2022 AED'000 (unaudited)	2021 AED'000 (unaudited)
Short-term benefits	5,838	4,869	2,919	2,472
Staff terminal benefits	122	129	61	71
Board of Directors' remuneration	3,574	1,850	-	-

#### Due from related parties

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Equity accounted investees	41,093	40,485
Other related parties	32,681	36,785
	<b>73,774</b>	<b>77,270</b>
Less : Allowance for expected credit loss	<b>(40,259)</b>	<b>(40,282)</b>
	<b>33,515</b>	<b>36,988</b>

#### Due to related parties

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Equity accounted investees	1,443	10,056
Other related parties	24,940	18,287
	<b>26,383</b>	<b>28,343</b>

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

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

for the six months period ended 30 June 2022

### 18. Derivative financial instruments

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

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

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
<b>Non-current</b>		
<b>Derivative financial assets</b>		
Interest rate swaps used for hedging	8,735	-
Other currency and interest rate swaps	-	2,811
	<b>8,735</b>	<b>2,811</b>
<b>Non-current</b>		
<b>Derivative financial liabilities</b>		
Interest rate swaps used for hedging	-	1,157
	-	<b>1,157</b>
<b>Current</b>		
<b>Derivative financial assets</b>		
Interest rate swaps used for hedging	4,719	-
Forward exchange contracts	2,686	396
Other currency and interest rate swaps	577	1,470
	<b>7,982</b>	<b>1,866</b>
<b>Current</b>		
<b>Derivative financial liabilities</b>		
Other currency and interest rate swaps	4,329	-
Interest rate swaps used for hedging	-	7,853
	<b>4,329</b>	<b>7,853</b>

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

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

for the six months period ended 30 June 2022

### 19. Bank balances and cash

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
Cash in hand	2,214	1,429
Cash at bank		
- in bank deposits with an original maturity of less than three months	64,731	-
- in Wakala deposits with an original maturity of less than three months	25,000	-
- in current accounts	340,924	333,243
- in margin deposits	3,922	5,223
- in call accounts	19,501	23,270
Cash and cash equivalents	456,292	363,165
Less : Allowance for expected credit loss	(433)	(183)
Cash and cash equivalents (A)	455,859	362,982
Bank deposits with an original maturity of more than three months (B)	95,260	202,339
Bank balances and cash (A+B)	551,119	565,321

Cash in hand and cash at bank includes AED 0.6 million (31 December 2021 (audited): AED 0.49 million) and AED 120.75 million (31 December 2021 (audited): AED 139.98 million) respectively, held outside the UAE.

All bank deposits carry interest at normal commercial rates and include AED 0.41 million (31 December 2021 (audited): AED 0.46 million) which are held by bank under lien against bank facilities availed by the Group. Wakala deposits carry profit at rates agreed with Islamic banks and placed with the banks for an original maturity period of less than three months.

Expected credit loss method is applied to assess the probable impairment loss on balances with banks using those banks' 'credit rating', 'forward adjusted probability of default' and the 'loss given default rates' linked to such ratings. During the quarter, additional loss allowance of AED 0.25 million has been assessed on the balances with banks having relatively lower credit rating.

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

### 20. Share capital

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
<b>Authorised, issued and paid up</b>		
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
	<b>993,703</b>	993,703

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

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

for the six months period ended 30 June 2022

### 21. Bank financing arrangements

#### (a) Islamic bank financing

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
<b>(i) Short-term</b>		
Mudaraba facilities (A)	140,821	50,000
Commodity Murabaha facilities (B)	66,489	61,253
Current portion of long-term financing (refer note (ii) below)	109,291	101,112
	<b>316,601</b>	<b>212,365</b>

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
<b>(ii) Long-term – Islamic bank financing</b>		
Mudaraba facilities	25,000	-
Commodity Murabaha facilities (B)	218,670	184,668
Ijarah facilities (C)	198,762	219,753
Less : current portion of long-term financing	(109,291)	(101,112)
	<b>333,141</b>	<b>303,309</b>

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
<b>Movement:</b>		
Balance as at 1 January	404,421	556,138
Availed during the period/ year	98,447	-
Repaid during the period/ year	(60,436)	(151,717)
<b>Balance as at end of the period/ year</b>	<b>442,432</b>	<b>404,421</b>
Less : current portion included in short-term (refer 21 (a)(i))	(109,291)	(101,112)
	<b>333,141</b>	<b>303,309</b>

The securities provided against these facilities are same as those mentioned in the consolidated financial statements of the Group for the year ended 31 December 2021.

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

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

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

for the six months period ended 30 June 2022

### 21. Bank financing arrangements (continued)

#### (b) Interest bearing bank financing

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
<b>(i) Short-term</b>		
Bank overdrafts	82,590	68,901
Short-term loan	288,469	254,114
Current portion of long-term financing (refer note (ii) below)	281,870	217,172
	<b>652,929</b>	<b>540,187</b>
<b>(ii) Long-term bank loans</b>		
Balance as at 1 January	697,811	591,226
Availed during the period/ year	262,776	386,618
Additions on acquisition	10,260	-
Repaid during the period/ year	(114,771)	(280,033)
	<b>856,076</b>	<b>697,811</b>
Less : current portion of long-term financing (refer 21 (b)(i))	(281,870)	(217,172)
	<b>574,206</b>	<b>480,639</b>

The details of the long term bank loans, including terms of repayment, interest rate and security provided are mentioned in the consolidated financial statements of the Group for the year ended 31 December 2021.

### 22. Trade and other payables

	30 June 2022 AED'000 (unaudited)	31 December 2021 AED'000 (audited)
Trade payables	417,339	310,796
Accrued and other expenses	257,308	215,169
Advance from customers	76,739	78,450
Commission and rebates payable	80,243	60,847
Other payables	65,590	45,944
	<b>897,219</b>	<b>711,206</b>

### 23. Dividend and Directors' fee

- (i) At the Annual General Meeting (AGM) held on 15 March 2022, the shareholders approved a cash dividend of 10% amounting to AED 99,370 thousand (2020: cash dividend approved at March 2021 AGM of 7.5% amounting to AED 74,528 thousand).
- (ii) At the Annual General Meeting (AGM) held on 15 March 2022, the shareholders approved the Directors' remuneration amounting to AED 3,700 thousand for the year ended 31 December 2021, the actual payout was AED 3,574 thousand based on the number of Directors in post (for the year ended 31 December 2020: approved and paid AED 1,850 thousand).
- (iii) The Board proposed to distribute semi-annual cash dividend of 10% amounting to AED 99,370 thousand for the first half of the year 2022, subject to the necessary regulatory and statutory approvals.

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

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

for the six months period ended 30 June 2022

### 24. Contingent liabilities and commitments

	<b>30 June 2022 AED'000 (unaudited)</b>	31 December 2021 AED'000 (audited)
<b>Contingent liabilities</b>		
Letters of guarantee	<b>65,035</b>	59,010
Letters of credit	<b>91,032</b>	35,250
Value added tax and other tax contingencies	<b>84,930</b>	95,183
<b>Commitments</b>		
Capital commitments	<b>62,237</b>	64,349

### 25. Hyperinflationary economy

The Group has a subsidiary in the Islamic Republic of Iran, which did not have material operations during the year ended 31 December 2021 or during the six months period ended 30 June 2022. The total assets of the Iranian subsidiary were 0.65% of the Group's consolidated total assets as at 30 June 2022 (31 December 2021 audited): 0.61%

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:

	<b>Index</b>	<b>Conversion factor</b>
30 June 2022	<b>482.10</b>	1.2714
31 December 2021	<b>379.20</b>	1.3514
31 December 2020	<b>280.60</b>	1.4479
31 December 2019	<b>193.80</b>	1.2775
31 December 2018	<b>151.70</b>	1.3558
31 December 2017	<b>111.90</b>	

The above mentioned restatement is affected as follows:

- Hyperinflation accounting was applied as of 1 January 2020;
- The condensed consolidated statement of profit or loss is adjusted at the end of each reporting period using the change in the general price index and is converted at the closing exchange rate of each period (rather than the year to date average rate for non-hyperinflationary economies), thereby restating the year to date condensed consolidated statement of profit or loss 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 condensed consolidated statement of financial position. Monetary items are money held and items to be recovered or paid in money; and
- Non-monetary assets and liabilities are stated at historical cost (e.g. property plant and equipment, investment properties etc.) and equity of the subsidiary is restated using an inflation index. The hyperinflation impact resulting from changes in the general purchasing power until 31 December 2021 were reported in Hyperinflation reserve directly as a component of equity and the impacts of changes in the general purchasing power from 1 January 2022 are reported through the condensed consolidated 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.

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

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

for the six months period ended 30 June 2022

### 25. Hyperinflationary economy (continued)

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

	<b>1 January 2022 AED'000 (unaudited)</b>	1 January 2021 AED'000 (unaudited)
<b>Impact on condensed consolidated statement of financial position</b>		
Increase in property, plant and equipment	<b>2,279</b>	929
Increase in investment properties	<b>2,708</b>	1,121
Increase in other assets	<b>2,697</b>	1,130
<b>Increase in equity</b>	<b>7,684</b>	3,180
<i>Allocated to:</i>		
Increase in opening equity due to cumulative hyperinflation	<b>7,684</b>	3,180

	<b>Six months period ended 30 June</b>		<b>Three months period ended 30 June</b>	
	<b>2022 AED'000 (unaudited)</b>	2021 AED'000 (unaudited)	<b>2022 AED'000 (unaudited)</b>	2021 AED'000 (unaudited)
<b>Impact on condensed consolidated statement of profit or loss</b>				
Increase in depreciation charge for the period	<b>1,047</b>	666	<b>625</b>	365
Loss on net monetary position	<b>2,362</b>	1,059	<b>1,679</b>	541
	<b>3,409</b>	1,725	<b>2,304</b>	906

### 26. Other income

Other income for the six months period ended 30 June 2021 included

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

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

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

for the six months period ended 30 June 2022

### 27. Acquisition of subsidiaries

- A. On 31 May 2022, the Group acquired a consortium of Kludi entities in Europe through its SPV in Austria, "RAK Ceramics Austria GmbH". The Group also acquired the remaining 49% equity interest in its previously held equity accounted investee, Kludi RAK LLC, UAE, and converted it into a wholly owned subsidiary. The Group paid an aggregate consideration of Euro 18.8 million (AED 74.1 million) including Euro 4.4 million (AED 17.3 million) towards settlement of Kludi Group's liabilities and payables.

The provisional amounts recognized in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:-

	Kludi Europe AED'000 (unaudited)	Kludi RAK AED'000 (unaudited)	Total AED'000 (unaudited)
<b>Assets</b>			
Property, plant and equipment	133,331	25,675	159,006
Intangible assets	1,081	553	1,634
Right-of-use assets	14,661	4,803	19,464
Other financial assets	1,645	-	1,645
Deferred tax assets	2,508	11	2,519
Inventories	100,234	51,071	151,305
Trade and other receivables	64,942	54,554	119,496
Cash and bank balance	7,762	7,575	15,337
<b>Total assets</b>	<b>326,164</b>	<b>144,242</b>	<b>470,406</b>
<b>Liabilities</b>			
Bank borrowings	(39,859)	-	(39,859)
Bank overdrafts	(44,606)	-	(44,606)
Provision for employees' end-of-service benefits	(38,352)	(4,173)	(42,525)
Deferred tax liabilities	(16,708)	-	(16,708)
Lease Liabilities	(16,078)	(4,782)	(20,860)
Trade and other payables	(144,663)	(24,722)	(169,385)
<b>Total liabilities</b>	<b>(300,266)</b>	<b>(33,677)</b>	<b>(333,943)</b>
<b>Net assets</b>	<b>25,898</b>	<b>110,565</b>	<b>136,463</b>
Less:- Non-controlling interest	(55)	-	(55)
Fair value of pre-existing interest	-	(56,388)	(56,388)
<b>Net assets acquired (A)</b>	<b>25,843</b>	<b>54,177</b>	<b>80,020</b>
Gross consideration			(74,092)
Less:- Settlement of liabilities			(17,332)
<b>Net consideration paid (B)</b>			<b>(56,760)</b>
<b>Gain on bargain purchase (A + B)</b>			<b>23,260</b>
<b>Cash acquired as part of acquisition of subsidiaries</b>			<b>AED'000</b>
Cash and bank balance			15,337
Bank overdrafts			(44,606)
<b>Cash acquired as part of acquisition of subsidiaries</b>			<b>(29,269)</b>

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

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

for the six months period ended 30 June 2022

### 27. Acquisition of subsidiaries (continued)

Gain on bargain purchase represents the difference between purchase consideration and fair value of net assets acquired and is recognized in the condensed consolidated statement of profit or loss. The fair value of the assets and liabilities have been determined by an external expert.

The above fair values have been determined on a provisional basis. If new information is obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, which identify any adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the acquisition accounting will be revised.

During the period from the date of acquisition to the reporting date, the acquired units contributed aggregate revenue of AED 50.36 million and net profit of AED 0.16 million to the Group's result.

- B. On 31 May 2022, the Group acquired a further 37% of interest in one of its subsidiaries, RAK Porcelain LLC, UAE, for a consideration of AED 203.5 million, thereby increasing the shareholding of the Group to 87%. The Group recognized:

	AED'000 (unaudited)
- Decrease in non-controlling interest	(78,237)
- Decrease in retained earnings	(125,263)
<b>Total consideration paid</b>	<b>(203,500)</b>

Subsequent to the end of the period ended 30 June 2022, the Group acquired a further 3% of interest for a further consideration of AED 16.5 million.

### 28. Segment reporting

#### **Basis for segmentation**

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

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

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

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

Information regarding the operations of each separate segment is included below. Performance is measured based on segment profit as management believes that profit is the most relevant factor in evaluating the results of certain segments relative to other entities that operate within these industries. There are regular transactions between the segments and any such transaction is priced on mutually agreed terms.

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

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

for the six months period ended 30 June 2022

### 28. Segment reporting (continued)

	Ceramic products AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
<b>Six months period ended 30 June 2022 (unaudited)</b>					
External revenue	1,589,744	110,461	9,881	-	1,710,086
Intersegment revenue	357,325	61,596	950	(419,871)	-
<b>Segment revenue</b>	<b>1,947,069</b>	<b>172,057</b>	<b>10,831</b>	<b>(419,871)</b>	<b>1,710,086</b>
Segment profit	148,798	45,504	4,820	(27,179)	171,943
Segment EBITDA	270,646	17,529	7,582	(29,327)	266,430
<b>As at 30 June 2022 (unaudited)</b>					
Segment assets	6,764,171	630,358	286,093	(2,136,353)	5,544,269
Segment liabilities	3,798,888	431,492	102,996	(1,086,333)	3,247,043
<b>Six months period ended 30 June 2021 (unaudited)</b>					
External revenue	1,367,599	52,493	3,449	-	1,423,541
Intersegment revenue	395,407	59,350	805	(455,562)	-
<b>Segment revenue</b>	<b>1,763,006</b>	<b>111,843</b>	<b>4,254</b>	<b>(455,562)</b>	<b>1,423,541</b>
Segment profit	192,767	10,540	(25,715)	(20,037)	157,555
Segment EBITDA	260,304	13,188	4,214	(21,710)	255,996
<b>As at 31 December 2021 (audited)</b>					
Segment assets	6,341,163	192,576	284,241	(1,721,264)	5,096,716
Segment liabilities	3,366,230	73,754	105,224	(906,586)	2,638,622

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

### Reconciliation of reportable segments

	<b>Six months period ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>AED'000</b>	<b>AED'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Total profit for reportable segments	193,608	169,887
Elimination of inter-segment profits	(27,179)	(20,037)
Share of profit of equity accounted investees	5,514	7,705
<b>Reported profit</b>	<b>171,943</b>	<b>157,555</b>

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

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

for the six months period ended 30 June 2022

### 29. Financial instruments

#### Accounting classifications and fair values

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

30 June 2022 (unaudited)	-----Carrying value-----				-----Fair value-----				
	Fair value hedging instruments AED'000	Mandatory at FVTPL* AED'000	Financial assets at amortised cost AED'000	Financial liabilities at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>Financial assets measured at fair value</b>									
Interest rate swaps used for hedging	13,453	-	-	-	13,453	-	13,453	-	13,453
Other currency and interest rate swaps	-	578	-	-	578	-	578	-	578
Forward exchange contracts	-	2,686	-	-	2,686	-	2,686	-	2,686
	<b>13,453</b>	<b>3,264</b>	-	-	<b>16,717</b>	-	<b>16,717</b>	-	<b>16,717</b>
<b>Financial assets measured at amortised cost</b>									
Long-term receivables	-	-	3,961	-	3,961	-	-	-	-
Trade and other receivables	-	-	1,019,688	-	1,019,688	-	-	-	-
Due from related parties	-	-	33,515	-	33,515	-	-	-	-
Bank balances and cash	-	-	551,119	-	551,119	-	-	-	-
	-	-	<b>1,608,283</b>	-	<b>1,608,283</b>	-	-	-	-
<b>Financial liabilities measured at fair value</b>									
Interest rate swaps used for hedging	4,329	-	-	-	4,329	-	4,329	-	4,329
	<b>4,329</b>	-	-	-	<b>4,329</b>	-	<b>4,329</b>	-	<b>4,329</b>
<b>Financial liabilities measured at amortised cost</b>									
Islamic bank financing	-	-	-	649,742	649,742	-	-	-	-
Interest bearing bank financing	-	-	-	1,227,135	1,227,135	-	-	-	-
Trade and other payables	-	-	-	820,480	820,480	-	-	-	-
Due to related parties	-	-	-	26,383	26,383	-	-	-	-
Lease Liabilities	-	-	-	100,316	100,316	-	-	-	-
	-	-	-	<b>2,824,056</b>	<b>2,824,056</b>	-	-	-	-

\*FVTPL: fair value through profit or loss

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

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

for the six months period ended 30 June 2022

### 29. Financial instruments (continued)

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

	-----Carrying value-----					-----Fair value-----			
	Fair value hedging instruments AED'000	Mandatory at FVTPL* AED'000	Financial assets at amortized cost AED'000	Financial liabilities at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
<b>31 December 2021 (audited)</b>									
<b>Financial assets measured at fair value</b>									
Forward exchange contracts	-	396	-	-	396	-	396	-	396
Other currency and interest swaps	-	4,281	-	-	4,281	-	4,281	-	4,281
	-	4,677	-	-	4,677	-	4,677	-	4,677
<b>Financial assets measured at amortized cost</b>									
Long-term receivables	-	-	2,505	-	2,505	-	-	-	-
Trade and other receivables	-	-	873,715	-	873,715	-	-	-	-
Due from related parties	-	-	36,988	-	36,988	-	-	-	-
Bank balances and cash	-	-	565,321	-	565,321	-	-	-	-
	-	-	1,478,529	-	1,478,529	-	-	-	-
<b>Financial liabilities measured at fair value</b>									
Interest rate swaps used for hedging	9,010	-	-	-	9,010	-	9,010	-	9,010
	9,010	-	-	-	9,010	-	9,010	-	9,010
<b>Financial liabilities measured at amortized cost</b>									
Islamic bank financing	-	-	-	515,674	515,674	-	-	-	-
Interest bearing bank financing	-	-	-	1,020,826	1,020,826	-	-	-	-
Trade and other payables	-	-	-	632,756	632,756	-	-	-	-
Due to related parties	-	-	-	28,343	28,343	-	-	-	-
Lease liabilities	-	-	-	73,890	73,890	-	-	-	-
	-	-	-	2,271,489	2,271,489	-	-	-	-

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

Notes to the condensed consolidated interim financial information (continued)

*for the six months period ended 30 June 2022*

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

This condensed consolidated interim financial information was approved by the Board of Directors and authorized for issue on 02 August 2022.