



Condensed Consolidated
Interim Financial Information

31 March 2020

RAK Ceramics PJSC and its Subsidiaries

Condensed consolidated interim financial information
31 March 2020

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On financial performance during the three month period ending 31 March 2020
02 June 2020

Dear Members,

It is our pleasure to present the business & operations report for the three month period, ending 31 March 2020, along with the condensed consolidated interim financial information for the same period.

Stable performance despite market slowdown

The Company delivered stable revenues of AED 592.8 million that decreased marginally by 2.7% when compared to the same period in 2019, primarily due to lower sanitaryware and tableware revenue. Total gross profit margin increased by 110 bps due to improvements and efficiencies in operations of the tiles business. This was largely driven by efficiencies in the UAE, where production lines were optimised to match demand. Reported net profit decreased by 18.1% year on year to AED 30.2 million, with a margin of 5.1% due to decrease in revenue and investments in upgraded branding and showrooms, as well as higher freight costs. Working capital and working capital days remained stable, reflecting the strength of the business.

Measures to manage impact of Covid-19

The nature of our business is closely linked to the construction and hospitality sector, which were heavily affected by the pandemic. The Company was proactive in implementing a raft of measures designed to mitigate the impact of Covid-19 and the corresponding lockdowns across all its markets. It was one of the first UAE companies to adopt social distancing, and apply working from home model to most of its administrative employees. The company also completely shut down production in India and Bangladesh in line with the government's guidelines as of the end of March 2020 and reduced production in the UAE. Alternative sales channels have been opened in markets where retail operations are closed, and the Company's website now includes a virtual reality showroom experience. The Company has taken measures to manage its liquidity, reducing discretionary expenses and placing non-essential capex plans on hold.

Growth in Saudi Arabia

Total revenue in Saudi Arabia increased significantly when compared to the same period in 2019, driven by an 80.8% increase in tiles revenue. The operations in Saudi Arabia followed the UAE business model, which has proved effective. The Company is optimistic for long-term growth in Saudi Arabia post-Covid-19 economic recovery.

Financial highlights for the three month period ending 31 March 2020

Particulars	Unit	31 March 2020	31 March 2019	Change
Total Revenue	AED Mio	592.8	609.2	-2.7%
Gross Profit	AED Mio	193.7	192.5	0.6%
GP Margin	%	32.7%	31.6%	110bps
EBITDA	AED Mio	95.2	98.8	-3.6%
EBITDA Margin	%	16.1%	16.2%	-10bps
Reported Net Income	AED Mio	30.2	36.9	-18.1%
Reported Net Income margin	%	5.1%	6.1%	-100bps
Net income before one-off, provisions & strategic gains	AED Mio	36.3	38.1	-4.8%
Net income margin before one-off, provisions & strategic gains	%	6.1%	6.3%	-20bps
Reported Profit after NCI (Minority)	AED Mio	25.7	29.0	-11.4%
Reported Earnings per share	AED	0.03	0.03	-
		31 March 2020	31 December 2019	Change
Total Assets	AED Mio	5,434.5	5,486.8	-1.0%
Share Capital	AED Mio	993.7	946.4	5.0%
Shareholder's Equity	AED Mio	2,248.1	2,426.3	-7.3%
Net Debt	AED Mio	1,487.0	1,374.3	8.2%
Net Debt / EBITDA	Times	3.10	2.85	-
Cost of Debt	%	3.90%	4.20%	-30bps

CSR activities, exhibitions, sponsorships and awards

During the three month period, the Company participated in KBB exhibition in the UK and Revestir exhibition in Brazil and exhibited its latest range of products and innovations.

Future Outlook

Given our stable results in Q1, our strong foundations and a sound business model, we will be able to face the unprecedented challenge and move forward. To manage the impact of Covid-19, we have implemented cost efficiency measures across all our operations, while prioritising the health and safety of our workforce. We have also taken measures to ensure our liquidity is managed and to mitigate the closure of retail channels by launching alternative options, including a virtual reality showroom experience on our website www.rakceramics.com.

Contingency plans are in place and are being constantly updated to reflect the evolving situation. I believe that the strong foundation we have built up to date will help us navigate the current challenging environment and enable us to deliver value to our shareholders in the long term.

Financial Reporting

The condensed consolidated 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 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 JUN 2020



Group Chief Executive Officer



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

Condensed consolidated interim financial information
for the three month period ended *31 March 2020*

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

Condensed consolidated interim financial information
31 March 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **R. A. K. Ceramics P.J.S.C. (the "Company") and its subsidiaries (together the "Group")**, Ras Al Khaimah, United Arab Emirates, as at 31 March 2020 and the related condensed consolidated statements of profit or loss, profit or loss and comprehensive income, cash flows and changes in equity for the three month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34: Interim Financial Reporting as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

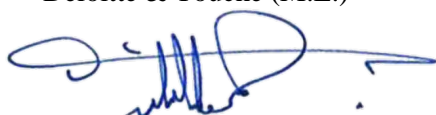
Scope of Review

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

Conclusion

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

Deloitte & Touche (M.E.)



Signed by:
Mohammad Khamees Al Tah
Registration No. 717
2 June 2020
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 three month period ended 31 March 2020

	Notes	Three month period ended 31 March	
		2020 AED'000	2019 AED'000
Revenue	5	592,759	609,236
Cost of sales	6	(399,032)	(416,705)
Gross profit		193,727	192,531
Administrative and general expenses	7	(52,102)	(53,362)
Impairment loss on trade receivables and due from related parties	7(i)	(6,056)	(1,221)
Selling and distribution expenses	8	(104,124)	(93,884)
Other income		16,853	10,912
Operating profit		48,298	54,976
Finance costs	9	(25,209)	(23,108)
Finance income	9	7,415	2,847
Share of profit in equity accounted investees	10	2,916	3,706
Profit before tax		33,420	38,421
Tax expense		(3,173)	(1,511)
Profit for the period		30,247	36,910
<i>Profit attributable to:</i>			
Owners of the Company		25,694	29,011
Non-controlling interests		4,553	7,899
Profit for the period		30,247	36,910
Earnings per share			
- basic and diluted (AED)	11	0.03	0.03

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 profit or loss and other comprehensive income (unaudited)

for the three month period ended 31 March 2020

	Three month period ended 31 March	
	2020	2019
	AED'000	AED'000
Profit for the period	30,247	36,910
Other comprehensive loss		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign exchange differences on translation of foreign operations	(14,329)	(72,606)
Cash flow hedges – effective portion of changes in fair value loss on hedging instruments	(44,895)	(53)
Total comprehensive loss for the period	(28,977)	(35,749)
<i>Total comprehensive loss attributable to:</i>		
Owners of the Company	(32,556)	(43,021)
Non-controlling interests	3,579	7,272
Total comprehensive loss for the period	(28,977)	(35,749)

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 financial position

as at 31 March 2020

	Notes	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Assets			
Non-current assets			
Property, plant and equipment	12	1,129,958	1,153,992
Goodwill	13	120,001	120,378
Right-of-use assets		90,853	83,264
Intangible assets		27,274	25,833
Investment properties	14	1,172,979	1,176,393
Investments in equity accounted investees	10	42,172	40,042
Long-term receivables	15(i)	60,115	65,724
Deferred tax assets		4,054	3,966
Total non-current assets		2,647,406	2,669,592
Current assets			
Inventories	16	1,215,259	1,213,477
Trade and other receivables	15	1,191,180	1,178,973
Due from related parties	17	26,219	37,363
Derivative financial assets	18	555	4,319
Bank balances and cash	19	353,884	383,049
Total current assets		2,787,097	2,817,181
Total assets		5,434,503	5,486,773
Equity and liabilities			
Capital and reserves			
Share capital	20	993,703	946,384
Reserves		1,254,400	1,479,933
Equity attributable to owners of the Company		2,248,103	2,426,317
Non-controlling interests		215,403	238,255
Total equity		2,463,506	2,664,572
Non-current liabilities			
Islamic bank financing	21a(ii)	454,195	497,498
Interest bearing bank financing	21b(ii)	445,555	486,071
Provision for employees' end of service benefits		85,960	83,865
Lease liabilities		77,290	68,691
Deferred tax liabilities		8,279	8,413
Total non-current liabilities		1,071,279	1,144,538
Current liabilities			
Islamic bank financing	21a(i)	331,962	287,032
Interest bearing bank financing	21b(i)	609,193	486,702
Trade and other payables	22	656,502	656,199
Due to related parties	17	40,768	38,340
Derivative financial liabilities	18	62,411	15,633
Lease liabilities		25,111	23,075
Provision for taxation		173,771	170,682
Total current liabilities		1,899,718	1,677,663
Total liabilities		2,970,997	2,822,201
Total equity and liabilities		5,434,503	5,486,773

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

02 JUN 2020



Chief Executive Officer

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 cash flows (unaudited)

for the three month period ended 31 March 2020

	Three month period ended 31 March	
	2020 AED'000	2019 AED'000
Operating activities		
Profit for the period before tax	33,420	38,421
<i>Adjustments for:</i>		
Share of profit in equity accounted investees	(2,916)	(3,706)
Interest expense	11,565	12,077
Profit expense on Islamic bank financing	5,859	5,671
Interest income	(1,948)	(1,224)
Profit on wakala deposits	(108)	(139)
Interest expense on lease liabilities	1,204	1,405
Net change in derivative financial instruments	5,647	(1,484)
Loss/(gain) on disposal of property, plant and equipment	4	(292)
Depreciation on property, plant and equipment	33,842	33,608
Depreciation on investment properties	2,738	2,596
Amortisation of intangible assets	1,771	1,404
Depreciation of right-of-use assets	6,826	5,230
Provision for employees' end-of-service benefits	4,045	4,626
Allowance for slow moving and obsolete inventories	4,520	6,533
Write-down of cost of finished goods	6,174	494
Impairment loss on trade receivables	6,031	1,216
Impairment loss on due from related parties	25	5
	118,699	106,441
Changes in:		
- inventories	(12,476)	24,886
- trade and other receivables (including long-term portion)	(10,788)	28,736
- due from related parties (including long-term portion)	11,119	14,065
- trade and other payables	303	4,608
- due to related parties	2,428	(7,707)
Income tax paid	(2,147)	(3,652)
Employees' end-of-service benefits paid	(1,522)	(3,840)
Currency translation adjustments	3,975	(33,913)
Net cash generated from operating activities	109,591	129,624

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 cash flows (unaudited)
for the three month period ended 31 March 2020 (continued)

	Three month period ended 31 March	
	2020	2019
	AED'000	AED'000
Investing activities		
Additions to property, plant and equipment	(24,364)	(66,551)
Proceeds from disposal of property, plant and equipment	82	442
Additions to intangible assets	(3,281)	(765)
Dividend received from equity accounted investees	75	99
Interest received	1,948	1,224
Profit received on Wakala deposits	108	139
Proceeds on maturity of bank deposits with an original maturity of more than three months	105,684	-
Net cash generated from/(used in) investing activities	80,252	(65,412)
Financing activities		
Bank financing availed	-	5,706
Bank financing repaid	(43,830)	(33,745)
Islamic bank financing availed	-	91,838
Islamic bank financing repaid	(37,525)	(152,011)
Repayment of principal and interest on lease liability	(7,413)	(7,809)
Net movement in short-term bank financing	85,165	69,181
Net movement in short-term Islamic bank financing	39,152	(12,217)
Interest paid	(11,565)	(12,077)
Profit paid on Islamic bank financing	(5,859)	(5,671)
Remuneration paid to Board of Directors	(3,700)	(3,700)
Dividend paid	(141,958)	(135,198)
Dividend paid to non-controlling interests	(26,431)	(1,590)
Funds invested by non-controlling interests	-	356
Net cash used in financing activities	(153,964)	(196,937)
Net increase/(decrease) in cash and cash equivalents	35,879	(132,725)
Cash and cash equivalents at the beginning of the period	172,295	319,462
Net cash and cash equivalents at the end of the period	208,174	186,737
Represented by:		
Cash and cash equivalents	320,095	216,483
Bank overdraft	(111,921)	(29,746)
	208,174	186,737

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)
for the three month period ended 31 March 2020

	Attributable to owners of the Company										Non-controlling interests (NCI) AED'000	Total equity AED'000	
	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
Balance at 1 January 2020	946,384	221,667	567,053	(120,389)	(183,848)	(14,344)	82,805	75,040	851,949	1,479,933	2,426,317	238,255	2,664,572
Total comprehensive income/(loss) for the period (unaudited)													
Profit for the period	-	-	-	-	-	-	-	-	25,694	25,694	25,694	4,553	30,247
Other comprehensive income/(loss)													
Foreign exchange differences on translation of foreign operations	-	-	-	(9,975)	(3,380)	-	-	-	-	(13,355)	(13,355)	(974)	(14,329)
Changes in cash flow hedges	-	-	-	-	-	(44,895)	-	-	-	(44,895)	(44,895)	-	(44,895)
Total comprehensive income/(loss) for the period	-	-	-	(9,975)	(3,380)	(44,895)	-	-	25,694	(32,556)	(32,556)	3,579	(28,977)
Other equity movements (unaudited)													
Directors' annual remuneration (refer note 23(ii))	-	-	-	-	-	-	-	-	(3,700)	(3,700)	(3,700)	-	(3,700)
Transaction with owners (unaudited)													
Dividend paid (refer note 23(i))	-	-	-	-	-	-	-	-	(141,958)	(141,958)	(141,958)	-	(141,958)
Bonus shares issued (refer note 23(i))	47,319	-	-	-	-	-	-	-	(47,319)	(47,319)	-	-	-
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(26,431)	(26,431)
Balance at 31 March 2020 (unaudited)	993,703	221,667	567,053	(130,364)	(187,228)	(59,239)	82,805	75,040	684,666	1,254,400	2,248,103	215,403	2,463,506

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

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

R.A.K. Ceramics P.J.S.C. and its subsidiaries
Condensed consolidated statement of changes in equity (unaudited)
for the three month period 31 March 2020 (continued)

	Attributable to owners of the Company											Non-controlling interests (NCI) AED'000	Total equity AED'000
	Share capital AED'000	Share premium AED'000	Legal reserve AED'000	Translation reserve AED'000	Hyper-inflation reserve AED'000	Reserves			Capital reserve AED'000	Retained earnings AED'000	Total reserves AED'000		
Balance as at 31 December 2018 (audited)	901,318	221,667	553,001	(113,688)	(112,009)	1,804	82,805	63,419	903,095	1,600,094	2,501,412	212,697	2,714,109
Adjustment on application of IFRS 16	-	-	-	-	-	-	-	-	(6,203)	(6,203)	(6,203)	(1,240)	(7,443)
Balance at 1 January 2019 (restated)	901,318	221,667	553,001	(113,688)	(112,009)	1,804	82,805	63,419	896,892	1,593,891	2,495,209	211,457	2,706,666
Total comprehensive income/(loss) for the period (unaudited)													
Profit for the period	-	-	-	-	-	-	-	-	29,011	29,011	29,011	7,899	36,910
<i>Other comprehensive income/(loss)</i>													
Foreign exchange differences on translation of foreign operations	-	-	-	719	(72,698)	-	-	-	-	(71,979)	(71,979)	(627)	(72,606)
Changes in cash flow hedges	-	-	-	-	-	(53)	-	-	-	(53)	(53)	-	(53)
Total comprehensive income/(loss) for the period	-	-	-	719	(72,698)	(53)	-	-	29,011	(43,021)	(43,021)	7,272	(35,749)
Other equity movements (unaudited)													
Directors' annual remuneration (refer note 23(ii))	-	-	-	-	-	-	-	-	(3,700)	(3,700)	(3,700)	-	(3,700)
Transaction with owners (unaudited)													
Dividend paid (refer note 23(i))	-	-	-	-	-	-	-	-	(135,198)	(135,198)	(135,198)	-	(135,198)
Bonus shares issued (refer note 23(i))	45,066	-	-	-	-	-	-	-	(45,066)	(45,066)	-	-	-
Dividend paid to NCI	-	-	-	-	-	-	-	-	-	-	-	(1,590)	(1,590)
Funds invested by NCI	-	-	-	-	-	-	-	-	-	-	-	356	356
Balance as at 31 March 2019 (unaudited)	946,384	221,667	553,001	(112,969)	(184,707)	1,751	82,805	63,419	741,939	1,366,906	2,313,290	217,495	2,530,785

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

Notes to the condensed consolidated interim financial information

for the three month period ended 31 March 2020

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 is listed on Abu Dhabi Securities Exchange, UAE.

The condensed consolidated interim financial information as at and for the three month period ended 31 March 2020 comprises the financial information 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 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 entities in the Group are also engaged in investing in other entities, in UAE or globally, that undertake similar or ancillary activities. Accordingly, the Company also acts as a Holding Company of the Group entities. The Group is also engaged in contracting and other industrial manufacturing activities.

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

The accounting policies used in the preparation of this 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 2019, 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 2020. 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.

- Definition of Material – Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- Definition of a Business – Amendments to IFRS 3 'Business Combinations'
- Amendments to *References to the Conceptual Framework in IFRS Standards*.
- Amendments to IFRS 7 'Financial Instruments: Disclosures' and IFRS 9 'Financial Instruments'.

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 2020.

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

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

- IFRS 17 'Insurance Contracts' relating to providing a more uniform measurement and presentation approach for all insurance contracts (effective for annual periods beginning after 1 January 2023).
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture (effective date deferred indefinitely, early adoption permitted).
- IAS 1 'Presentation of Financial Statements' – Amendments on Classifications. Effective for annual period beginning on or after 1 January 2022.

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

3 Summary of significant accounting policies

Basis of preparation

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

The condensed consolidated interim financial information is presented in U.A.E. 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.

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

The accounting policies, presentation and methods in this condensed consolidated interim financial information are consistent with those used in the audited consolidated financial statements for the year ended 31 December 2019.

This condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited annual consolidated financial statements as at and for the year ended 31 December 2019. In addition, results for the three month period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

COVID-19 impact

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

The Group is closely monitoring the situation as part of the crisis management procedures put in place and has established a COVID 19 Command Center with representation of heads of all departments to monitor the pandemic situation and take timely decisions as the situation develops.

The construction industry in the UAE continued to operate and the Group's production lines in the UAE were running throughout the period as they were not subject to many of the restrictions. The shutdown of production in India and Bangladesh only started in the last week of the March 2020. Accordingly, management has considered the potential impact of the crisis on the Group's condensed consolidated statement of financial position at 31 March 2020 and the first quarter 2020 results and has concluded that at the date of the approval of this condensed consolidated interim financial information there is no significant impact on the Group's financial position or performance.

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

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

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

3 Summary of significant accounting policies (continued)

COVID-19 impact (continued)

Management is continuously monitoring these possible risks and will take appropriate actions on a timely basis to respond as necessary. Management remains wholly satisfied that it is appropriate for the condensed consolidated interim financial information to be prepared on a going concern basis. In some cases, in particular in relation to the carrying values of non-financial assets, which normally require considerable judgement, it is challenging to reliably assess the possible impact during the initial phases of the crisis and whether any potential changes in certain key assumptions are a temporary (in-year) reaction to the consequences of the initial relevant responses to the situation. Accordingly, management will continue to monitor and evaluate the validity of such assumptions at each reporting date and where appropriate, obtaining external valuation advice and record appropriate provisions if required.

4. Changes in judgements and estimation uncertainty

The critical judgements and estimates used in the preparation of the condensed consolidated interim financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019. In the light of current uncertainties resulting from the COVID-19 pandemic, the Group has considered the potential impact while assessing IFRS 9 ECL model based on available information.

5. Revenue

	Three month period ended 31 March	
	2020 AED'000 (unaudited)	2019 AED'000 (unaudited)
Sale of goods	585,423	601,824
Others	7,336	7,412
	592,759	609,236

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

6. Cost of sales

	Three month period ended 31 March	
	2020 AED'000 (unaudited)	2019 AED'000 (unaudited)
Raw materials consumed	178,524	179,972
Change in inventory of finished goods	(3,882)	11,435
Allowance for slow moving inventories	4,520	6,533
Direct labor	51,294	54,444
Power and fuel	33,309	29,922
LPG and natural gas	48,066	46,477
Depreciation on property, plant and equipment	27,784	27,352
Depreciation of right-of-use assets	37	31
Repairs and maintenance expense	22,056	23,322
Packing material expenses	23,901	24,423
Others	13,423	12,794
	399,032	416,705

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

7. Administrative and general expenses

	Three month period ended 31 March	
	2020	2019
	AED'000	AED'000
	(unaudited)	(unaudited)
Staff salaries and other associated costs	22,691	25,614
Depreciation on property, plant and equipment	4,537	4,753
Depreciation on investment properties	2,738	2,596
Depreciation of right-of-use assets	468	515
Amortization of intangible assets	1,771	1,404
Telephone, postal and office supplies	1,114	1,288
Repairs and maintenance expenses	1,189	1,269
Legal and professional fees	5,680	2,612
Utility expenses	938	869
Security charges	381	471
Information technology licenses and consultancy expenses	2,513	2,838
Expenses on investment properties	2,092	1,918
Others	5,990	7,215
	52,102	53,362

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

	Three month period ended 31 March	
	2020	2019
	AED'000	AED'000
	(unaudited)	(unaudited)
Impairment loss on trade receivables	6,031	1,216
Impairment loss on due from related parties	25	5
	6,056	1,221

8. Selling and distribution expenses

	Three month period ended 31 March	
	2020	2019
	AED'000	AED'000
	(unaudited)	(unaudited)
Staff salaries and other associated costs	34,238	34,872
Freight and transportation	32,113	28,637
Agents' commission	6,240	7,579
Advertisement and promotions expenses	17,374	10,417
Rental expenses	1,061	1,089
Travel and entertainment expenses	1,234	1,156
Depreciation on property, plant and equipment	1,521	1,503
Depreciation of right-of-use assets	6,321	4,684
Others	4,022	3,947
	104,124	93,884

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

9. Finance costs and income

	Three month period ended 31 March	
	2020 AED'000 (unaudited)	2019 AED'000 (unaudited)
Finance costs		
Interest on bank financing	11,565	12,070
Profit expense on Islamic financing	5,859	5,671
Interest on amount due to related parties	-	7
Interest expense on lease liabilities	1,204	1,405
Net change in the fair value of derivatives	5,647	-
Bank charges	934	700
Net foreign exchange loss	-	3,255
Total (A)	25,209	23,108
Finance income		
Interest on bank deposits	1,930	1,224
Profit on wakala deposits	108	139
Interest on amount due from related parties	18	-
Net change in the fair value of derivatives	-	1,484
Net foreign exchange gain	5,359	-
Total (B)	7,415	2,847
Net finance costs (A-B)	17,794	20,261

10. Investments in equity accounted investees

The Group's share of profit in equity accounted investees for the three month period ended 31 March 2020 amounted to AED 2.92 million (unaudited) (three month period ended 31 March 2019 (unaudited): AED 3.71 million).

The Group has received AED 0.08 million (unaudited) as dividends during the current period from its equity accounted investee (three month period ended 31 March 2019 (unaudited): AED 0.10 million).

11. Earnings per share

	Three month period ended 31 March	
	2020 (unaudited)	2019 (unaudited)
Profit attributable to the owners of the Company (AED'000)	25,694	29,011
Weighted average number of ordinary shares ('000s)	993,703	993,703
Basic and diluted earnings per share (AED)	0.03	0.03

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

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

12. Property, plant and equipment

Additions, disposals and depreciation (unaudited)

During the three month period ended 31 March 2020, the Group has acquired property, plant and equipment and made additions to capital work in progress amounting to AED 24.36 million (three month period ended 31 March 2019: AED 66.55 million).

Property, plant and equipment with a carrying amount of AED 0.09 million were disposed of during the current period (three month period ended 31 March 2019: AED 0.15 million) resulting in a loss on disposal of AED 4 thousand (gain on disposal, three month period ended 31 March 2019: AED 0.29 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 33.84 million (three month period ended 31 March 2019: AED 33.61 million). Below is the breakdown of property, plant and equipment inside and outside the U.A.E:

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Inside U.A.E	722,673	730,567
Outside U.A.E	407,285	423,425
	1,129,958	1,153,992

13. Goodwill

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Opening balance	120,378	120,144
Less: effects of movements in exchange rate	(377)	234
Closing balance	120,001	120,378

Goodwill comprises AED 50.4 million, AED 5.5 million, AED 5.6 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). The operations of RAK Saudi LLC, KSA have been merged with ARK International Trading Company Limited, KSA effective 1 January 2020.

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

14. Investment properties

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Inside U.A.E	1,127,702	1,130,159
Outside U.A.E	45,277	46,234
	1,172,979	1,176,393

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 2019 (audited) amounted to AED 1,343.50 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 three month period ended 31 March 2020.

Investment properties are classified as Level 3 in the fair value hierarchy as at 31 March 2020 (31 December 2019: Level 3).

15. Trade and other receivables

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade receivables	1,065,645	1,068,375
Less: Allowance for expected credit loss	(231,481)	(227,318)
	834,164	841,057
Advances and prepayments	177,058	180,172
Deposits	25,712	27,651
Other receivables	154,246	130,093
	1,191,180	1,178,973

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

15. Trade and other receivables (continued)

(i) Long-term receivables

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade receivables	4,124	4,273
Less: Allowance for expected credit loss	(665)	(665)
	3,459	3,608
Less : current portion included in trade receivables	(611)	(544)
Long-term trade receivables (A)	2,848	3,064
Other receivables	109,192	110,935
Less : Allowance for expected credit loss	(26,375)	(26,375)
	82,817	84,560
Less: current portion included in other receivables	(25,550)	(21,900)
Long-term other receivables (B)	57,267	62,660
Long-term receivables (A+B)	60,115	65,724

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

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

16. Inventories

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Finished goods (net of net realizable value adjustments)	940,565	934,808
Less : Allowance for slow moving inventories	(123,696)	(122,151)
Subtotal (A)	816,869	812,657
Raw materials	190,101	211,272
Stores and spares	197,167	194,836
	387,268	406,108
Less : Allowance for slow-moving inventories	(72,666)	(72,024)
Subtotal (B)	314,602	334,084
Goods-in-transit (C)	65,862	47,261
Work-in-progress (D)	17,926	19,475
Total (A+B+C+D)	1,215,259	1,213,477

At 31 March 2020, the Group has recognized a cumulative loss due to write-down of finished goods inventories of AED 117.33 million against cost of AED 392.59 million (31 December 2019 (audited): AED 112.01 million against cost of AED 346.92 million) to bring it to its net realizable value which was lower than the cost. The difference in the write down of AED 6.17 million (unaudited) (three month period ended 31 March 2019 (unaudited): AED 0.49 million) is included in cost of sales in the condensed consolidated statement of profit or loss.

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

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

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:

	Three month period ended 31 March	
	2020 AED'000 (unaudited)	2019 AED'000 (unaudited)
Sale of goods and services and construction contracts	28,952	24,401
Purchase of goods and rendering of services	61,185	60,257
Interest expense (refer note 9)	-	7
Interest income (refer note 9)	18	-

Key management personnel compensation

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

	Three month period ended 31 March	
	2020 AED'000 (unaudited)	2019 AED'000 (unaudited)
Short-term benefits	2,514	2,565
Staff terminal benefits	63	54
Board of Directors' remuneration	3,700	3,700

Due from related parties

	31 March	31 December
	2020 AED'000 (unaudited)	2019 AED'000 (audited)
Equity accounted investees	44,376	44,147
Other related parties	32,070	43,417
	76,446	87,564
Less : Allowance for expected credit loss	(50,227)	(50,201)
	26,219	37,363

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

17. Related party balances and transactions (continued)

Due to related parties

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Equity accounted investees	5,584	4,416
Other related parties	35,184	33,924
	40,768	38,340

18. Derivative financial instruments

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

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

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Derivative financial assets		
Forward exchange contracts	555	-
Commodity derivative used for hedging	-	364
Other currency and interest rate swaps	-	3,955
	555	4,319
Derivative financial liabilities		
Interest rate swaps used for hedging	40,777	14,708
Commodity derivative used for hedging	18,462	-
Other currency and interest rate swaps	3,172	925
	62,411	15,633

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

19. Bank balances and cash

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Cash in hand	1,786	1,660
Cash at bank		
- in bank deposits with an original maturity of less than three months	19,451	48,126
- in Wakala deposits with an original maturity of less than three months	4,000	20,000
- in current accounts	251,251	153,465
- in margin deposits	28,453	4,419
- in call accounts	15,337	16,589
Cash and cash equivalents	320,278	244,259
Less : Allowance for expected credit loss	(183)	(683)
Cash and cash equivalents (A)	320,095	243,576
Bank deposits with an original maturity of more than three months (B)	33,789	139,473
Bank balances and cash (A+B)	353,884	383,049

Cash in hand and cash at bank includes AED 0.45 million (31 December 2019 (audited): AED 0.97 million) and AED 115.82 million (31 December 2019 (audited): AED 100.24 million) respectively, held outside UAE.

All bank deposits carry interest at normal commercial rates and include AED 1.88 million (31 December 2019 (audited): AED 1.61 million) which are held by bank under lien against bank facilities availed by the Group. Wakala deposits carry profit at rates agreed with Islamic banks and placed with the banks for an original maturity period of less than three months.

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

20. Share Capital

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Authorised, issued and paid up		
170,000,000 shares of AED 1 each paid up in cash	170,000	170,000
823,703,958 shares of AED 1 each issued as bonus shares (2019: 776,384,722 shares of AED 1 each issued as bonus shares)	823,703	776,384
	993,703	946,384

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

21. Bank financing arrangements

(a) Islamic bank financing

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
(i) Short-term		
Mudaraba facilities (A)	40,000	25,000
Commodity Murabaha facilities (B)	150,327	126,175
Current portion of long-term financing (refer note (ii) below)	141,635	135,857
	331,962	287,032
	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
(ii) Long-term – Islamic bank financing		
Commodity Murabaha facilities (B)	305,230	339,475
Ijarah facilities (C)	290,600	293,880
Less : current portion of long-term financing	(141,635)	(135,857)
	454,195	497,498
	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Movement:		
Balance as at 1 January	633,355	466,860
Availed during the period/ year	-	387,516
Less : repaid during the period/ year	(37,525)	(221,021)
Balance as at end of the period/ year	595,830	633,355
Less : current portion included in short-term (refer 21 (a)(i))	(141,635)	(135,857)
	454,195	497,498

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 2019.

- (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.

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

21. Bank financing arrangements (continued)

(b) Interest bearing bank financing

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
(i) Short-term		
Bank overdraft	111,921	71,281
Short-term loan	267,253	182,088
Current portion of long-term financing (refer note (ii) below)	230,019	233,333
	609,193	486,702
(ii) Long-term bank loans		
Balance as at 1 January	719,404	938,145
Availed during the period/ year	-	9,466
Less : repaid during the period/ year	(43,830)	(228,207)
Balance as at end of the period/ year	675,574	719,404
Less : current portion of long-term financing (refer 21 (b)(i))	(230,019)	(233,333)
	445,555	486,071

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 2019.

22. Trade and other payables

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Trade payables	326,977	315,654
Accrued and other expenses	174,808	191,689
Advance from customers	59,931	54,002
Commission and rebates payable	63,715	60,621
Other payables	31,071	34,233
	656,502	656,199

23. Dividend and Directors' fee

- (i) At the Annual General Meeting (AGM) held on 11 March 2020, the shareholders approved a cash dividend of 15 % amounting to AED 141,958 thousand and a stock dividend of 5% amounting to AED 47,319 thousand, which was proposed by the Board of Directors. (2019: cash dividend of 15% amounting to AED 135,198 thousand and stock dividend of 5% amounting to AED 45,066 thousand).
- (ii) At the Annual General Meeting (AGM) held on 11 March 2020, the shareholders approved the Directors' remuneration amounting to AED 3,700 thousand for the year ended 31 December 2019 (for the year ended 31 December 2018: AED 3,700 thousand).

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

24. Contingent liabilities and commitments

	31 March 2020 AED'000 (unaudited)	31 December 2019 AED'000 (audited)
Contingent liabilities		
Letters of guarantee	11,209	10,760
Letters of credit	55,883	44,781
Value added tax and other tax contingencies	68,091	82,952
Commitments		
Capital commitments	40,726	41,729

The Company has issued corporate guarantees for advances obtained by related parties from commercial banks. Guarantees outstanding as at 31 March 2020 amount to AED 233.0 million (*as at 31 December 2019: AED 242.6 million*).

25. 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 three month period ended 31 March 2020

25. Segment reporting (continued)

	Ceramic products AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
Three month period ended 31 March 2020 (unaudited)					
External revenue	559,737	25,686	7,336	-	592,759
Intersegment revenue	124,066	19,495	575	(144,136)	-
Segment revenue	683,803	45,181	7,911	(144,136)	592,759
Segment profit	48,849	5,316	3,878	(27,796)	30,247
Segment EBITDA	112,474	6,413	4,808	(28,522)	95,173

As at 31 March 2020 (unaudited)

Segment assets	6,779,001	300,809	475,046	(2,120,353)	5,434,503
Segment liabilities	3,658,415	83,372	111,412	(882,202)	2,970,997

	Ceramic products AED'000	Other industrial AED'000	Others AED'000	Elimination AED'000	Total AED'000
Three month period ended 31 March 2019 (unaudited)					
External revenue	578,333	23,491	7,412	-	609,236
Intersegment revenue	86,751	18,807	813	(106,371)	-
Segment revenue	665,084	42,298	8,225	(106,371)	609,236
Segment profit	29,856	6,023	1,025	6	36,910
Segment EBITDA	88,582	7,709	3,142	(676)	98,757

As at 31 December 2019 (audited)

Segment assets	6,844,498	293,737	469,499	(2,120,961)	5,486,773
Segment liabilities	3,539,268	80,182	109,749	(906,998)	2,822,201

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

Reconciliation of reportable segment

	Three month period ended 31 March	
	2020	2019
	AED'000	AED'000
	(unaudited)	(unaudited)
Total profit or loss for reportable segments	55,127	33,198
Elimination of inter-segment profits	(27,796)	6
Share of profit of equity accounted investees	2,916	3,706
Reported profit	30,247	36,910

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

26. 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-----			
	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
31 March 2020 (unaudited)									
Financial assets measured at fair value									
Forward exchange contracts	-	555	-	-	555	-	555	-	555
	-	555	-	-	555	-	555	-	555
Financial assets measured at amortised cost									
Long-term receivables	-	-	60,115	-	60,115	-	-	-	-
Trade and other receivables	-	-	1,014,122	-	1,014,122	-	-	-	-
Due from related parties	-	-	26,219	-	26,219	-	-	-	-
Bank balances and cash	-	-	353,884	-	353,884	-	-	-	-
	-	-	1,454,340	-	1,454,340	-	-	-	-
Financial liabilities measured at fair value									
Commodity derivative used for hedging	18,462	-	-	-	18,462	-	18,462	-	18,462
Interest rate swaps used for hedging	40,777	-	-	-	40,777	-	40,777	-	40,777
Other currency and interest swaps	-	3,172	-	-	3,172	-	3,172	-	3,172
	59,239	3,172	-	-	62,411	-	62,411	-	62,411
Financial liabilities measured at amortised cost									
Islamic bank financing	-	-	-	786,157	786,157	-	-	-	-
Interest bearing bank financing	-	-	-	1,054,748	1,054,748	-	-	-	-
Trade and other payables	-	-	-	596,571	596,571	-	-	-	-
Due to related parties	-	-	-	40,768	40,768	-	-	-	-
	-	-	-	2,478,244	2,478,244	-	-	-	-

*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 three month period ended 31 March 2020

26. 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 amortised cost AED'000	Financial liabilities at amortised cost AED'000	Total AED'000	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000	
31 December 2019 (audited)										
Financial assets measured at fair value										
Commodity derivatives used for hedging	364	-	-	-	364	-	364	-	364	
Other currency and interest swaps	-	3,955	-	-	3,955	-	3,955	-	3,955	
	364	3,955	-	-	4,319	-	4,319	-	4,319	
Financial assets measured at amortised cost										
Long-term receivables	-	-	65,724	-	65,724	-	-	-	-	
Trade and other receivables	-	-	998,801	-	998,801	-	-	-	-	
Due from related parties	-	-	37,363	-	37,363	-	-	-	-	
Bank balances and cash	-	-	383,049	-	383,049	-	-	-	-	
	-	-	1,484,937	-	1,484,937	-	-	-	-	
Financial liabilities measured at fair value										
Interest rate swaps used for hedging	14,708	-	-	-	14,708	-	14,708	-	14,708	
Other currency and interest swaps	-	925	-	-	925	-	925	-	925	
	14,708	925	-	-	15,633	-	15,633	-	15,633	
Financial liabilities measured at amortised cost										
Islamic bank financing	-	-	-	784,530	784,530	-	-	-	-	
Interest bearing bank financing	-	-	-	972,773	972,773	-	-	-	-	
Trade and other payables	-	-	-	602,197	602,197	-	-	-	-	
Due to related parties	-	-	-	38,340	38,340	-	-	-	-	
	-	-	-	2,397,840	2,397,840	-	-	-	-	

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

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2020

27. Seasonality of results

No income of seasonal nature was recorded in the condensed consolidated statement of profit or loss for the three month periods ended 31 March 2020 and 2019.

28. Comparative information

In the three month period ended 31 March 2019 performance rebates were classified as part of selling expenses. Under IFRS15 these are required to be netted off against revenue and the comparatives have been restated accordingly. There is no impact on previously reported profit or equity.

	As previously reported for the three month period ended 31 March 2019 AED'000 (unaudited)	Adjustment AED'000 (unaudited)	As adjusted for the three month period ended 31 March 2019 AED'000 (unaudited)
Revenue	620,321	(11,085)	609,236
Selling and distribution expenses	(104,969)	11,085	(93,884)

29. 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 2 June 2020.