RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 September 2017

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RAK Ceramics (Bangladesh) Ltd.

Consolidated statement of financial position

as at 30 September 2017

	Notes	30 Sep 2017 Taka	31 Dec 2016 Taka
Assets			
Property, plant and equipment	4	3,410,800,080	3,500,775,257
Investment property	5	704,336,544	504,343,755
Intangible assets	6	4,525,581	6,740,159
Capital work-in-progress	7	43,166,726	28,726,285
Trade and other receivables	10	-	74,025,000
Total non-current assets		4,162,828,931	4,114,610,457
Inventories	9	2,742,878,673	2,527,507,042
Trade and other receivables	10	622,343,417	618,841,556
Loan to disposed subsidiary	8	-	201,898,000
Advances, deposits and prepayments	11	471,169,959	406,247,968
Advance income tax	12	2,746,360,203	2,485,841,759
Cash and cash equivalents	13	852,030,162	802,643,479
Total current assets		7,434,782,414	7,042,979,804
Total assets		11,597,611,345	11,157,590,261
Equity			
Share capital	14	3,536,931,410	3,368,506,110
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,184,455,800	1,269,570,793
Equity attributable to equity holders of the company		6,195,035,189	6,111,724,882
Non-controlling interests		1,426	1,501
Total equity		6,195,036,615	6,111,726,383
Liabilities			
Borrowings	17	421,974,581	601,200,132
Deferred tax liability	15	165,487,068	128,416,223
Total non-current liabilities		587,461,649	729,616,355
Employees benefits payable	16	35,139,076	3,458,783
Borrowings	17	652,375,079	566,254,999
Trade and other payables	18	591,118,224	590,472,114
Accrued expenses	19	386,272,478	269,520,037
Provision for income tax	20	3,150,208,224	2,886,541,590
Total current liabilities		4,815,113,081	4,316,247,523
Total liabilities		5,402,574,730	5,045,863,878
Total equity and liabilities		11,597,611,345	11,157,590,261

The notes on pages 5 to 38 are an integral part of these financial statements

Chairman | Managing Director | Director | Chief Financial Officer | Company Secretary

Dated, 25 October 2017

RAK Ceramics (Bangladesh) Ltd.

Consolidated profit or loss and other comprehensive income
for the period ended 30 September 2017

	Notes	Jan to Sep 17 Taka	Jan to Sep 16 Taka	July to Sep 17 Taka	July to Sep 16 Taka
Sales	21	5,041,536,285	3,965,452,912	1,776,163,192	1,275,595,355
Cost of sales	22	(2,949,534,721)	(2,321,896,834)	(1,045,466,949)	(747,596,052)
Gross profit		2,092,001,564	1,643,556,078	730,696,243	527,999,303
Other income	23	10,276,079	1,815,567	2,227,370	615,317
Administrative expenses	24	(278,929,531)	(246,817,725)	(92,446,418)	(76,098,792)
Marketing and selling expenses	25	(639,281,855)	(496,279,901)	(233,217,963)	(160,266,466)
		(907,935,307)	(741,282,059)	(323,437,011)	(235,749,939)
Profit from operating activities		1,184,066,257	902,274,019	407,259,232	292,249,364
Finance income	26	8,635,228	16,523,355	2,204,140	391,687
Finance expenses	27	(78,082,550)	(29,772,434)	(19,331,156)	(11,311,173)
Net finance income		(69,447,322)	(13,249,079)	(17,127,016)	(10,919,486)
Profit before contribution to worker's profit participation and welfare fund		1,114,618,935	889,024,940	390,132,216	281,329,878
Contribution to worker's profit participation and welfare fund	28	(51,942,912)	(41,605,460)	(17,133,560)	(11,627,083)
Profit before income tax		1,062,676,023	847,419,480	372,998,656	269,702,795
Income tax expense					
Current tax	29	(268,593,324)	(205,892,055)	(86,177,685)	(62,693,028)
Deferred tax	15	(37,070,845)	(39,651,966)	(19,194,647)	(8,750,068)
		(305,664,169)	(245,544,021)	(105,372,332)	(71,443,096)
Profit for the period		757,011,854	601,875,459	267,626,324	198,259,699
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		757,011,854	601,875,459	267,626,324	198,259,699
Profit attributable to:					
Equity holders of the company		757,011,529	601,875,092	267,626,221	198,259,583
Non-controlling interests		325	367	103	116
Profit after tax for the period		757,011,854	601,875,459	267,626,324	198,259,699
Basic earnings per share (Par value TK 10)	33	**2.14**	**1.70**	**0.76**	**0.56**

The notes on pages 8 to 38 are an integral part of these financial statements

Chairman | Managing Director | Director | Chief Financial Officer | Company Secretary

Dated, 25 October 2017

RAK Ceramics (Bangladesh) Ltd.

Consolidated statement of changes in equity

for the period ended 30 September 2017

	Attributable to owners of the Company					
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka	Non-controlling interests Taka	Total equity Taka
Balance as at 01 January 2016	3,368,506,110	1,473,647,979	1,196,443,022	6,038,597,111	1,529	6,038,598,640
Total comprehensive income for 2016						
Profit/(loss) for the period	-	-	601,875,092	601,875,092	367	601,875,459
Transactions with the shareholders						
Cash dividend (2015)	-	-	(842,126,528)	(842,126,528)	(500)	(842,127,028)
Balance as at 30 September 2016	3,368,506,110	1,473,647,979	956,191,586	5,798,345,675	1,396	5,798,347,071
Balance as at 01 January 2017	3,368,506,110	1,473,647,979	1,269,570,793	6,111,724,882	1,501	6,111,726,383
Total comprehensive income for 2017						
Profit/(loss) for the period	-	-	757,011,529	757,011,529	325	757,011,854
Cash dividend (2016)	-	-	(673,701,222)	(673,701,222)	(400)	(673,701,622)
Stock dividend (2016)	168,425,300	-	(168,425,300)	-	-	-
Balance as at 30 September 2017	3,536,931,410	1,473,647,979	1,184,455,800	6,195,035,189	1,426	6,195,036,615

The notes on pages 5 to 38 are an integral part of these financial statements

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RAK Ceramics (Bangladesh) Ltd.

Consolidated statement of cash flows
for the period ended 30 September 2017

	30 Sep 2017 Taka	30 Sep 2016 Taka
Cash flows from operating activities		
Cash receipts from customers	4,974,259,373	3,926,445,762
Cash payments to suppliers and employees	(3,717,332,027)	(3,142,912,627)
Cash generated from operating activities	1,256,927,346	783,533,136
Interest received from bank deposit	2,973,855	2,658,770
Income tax paid	(260,518,444)	(172,765,632)
Net cash (used in)/from operating activities	999,382,757	613,426,274
Cash flows from investing activities		
Acquisition of property, plant and equipment	(244,643,989)	(462,143,361)
Sale of property, plant and equipment	-	139,500
Disposal proceeds of associate	74,025,000	80,367,500
Interest received from FDR	6,872,312	14,905,005
Income from rental	7,918,000	1,420,000
Intangible assets	(1,669,768)	(12,346,418)
Dividend received	200	250
Net cash (used in)/from investing activities	(157,498,245)	(377,657,523)
Cash flows from financing activities		
Finance charges	(29,772,036)	(32,312,473)
Avail/(repayment) of term loan	(179,225,551)	240,014,820
Avail/(repayment) of short-term loan	86,120,081	(314,266,890)
Dividend paid	(669,619,923)	(838,663,441)
Unclaimed share application refund	-	2,064,480
Adjustment related with non-controlling interest	(400)	(500)
Net cash (used in)/from financing activities	(792,497,829)	(943,164,005)
Net increase/(decrease) in cash and cash equivalents	49,386,683	(707,395,254)
Cash and cash equivalents as at 01 January	802,643,479	1,101,566,520
Cash and cash equivalents as at 30 September (Note 13)	852,030,162	394,171,266

The notes on pages 5 to 38 are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements
as at and for the period ended 30 September 2017

1. Reporting entity

RAK Ceramics (Bangladesh) Limited (the Company), formerly RAK Ceramics (Bangladesh) Pvt. Limited, a UAE-Bangladesh joint venture company, was incorporated in Bangladesh on 26 November 1998 as a private company limited by shares under the Companies Act 1994. The Company was later converted from a private limited into a public limited on 10 June 2008 after observance of required formalities as per laws. The name of the Company was thereafter changed to RAK Ceramics (Bangladesh) Ltd. as per certificate issued by the Registrar of Joint Stock Companies dated 11 February 2009. The address of the Company's registered office is RAK Tower, Plot # 1/A, Jasimuddin Avenue, Sector # 3, Uttara, Dhaka 1230. The company got listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 13 June 2010.

1.1 Nature of business

The Company is engaged in manufacturing and marketing of ceramics tiles, bathroom sets and all types of sanitary ware. It has started its commercial production on 12 November 2000. The commercial production of its new sanitary ware plant, expansion unit of ceramics facilities, tiles and sanitary plant was started on 10 January 2004, 1 July 2004,1 September 2007, 1 April 2015 and 17th May respectively.

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 as at 30 September 2017. The Company has gone into operation from 1 May 2009. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, Dhaka- 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Power Pvt. Ltd. from 57% to 99.99% through purchase of 881,495 number of ordinary shares of BDT 100 each in consideration of BDT 255 per share totaling to BDT 224,781,225 only from all the other shareholders of RAK Power Pvt. Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015.The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Power (Pvt.) Ltd on 20 October 2015

RAK Security and Services Pvt. Limited

RAK Security and Services Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 21 December 2006 as a private company limited by shares with an authorized capital of Taka 1,00,000,000 divided into 1,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 1,000,000 as at 30 September 2017. The Company has gone into operation from 1 May 2007. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, Dhaka- 1230. 35% shares of RAK Security and Services (Pvt.) Ltd is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Security & Services (Pvt.) Ltd. from 35% to 99.00% through purchase of 6,500 number of ordinary shares of BDT 100 each in consideration of BDT 2,875 per share totaling to BDT 18,687,500 only from all the other shareholders of RAK Security & Services (Pvt.) Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Security and Services (Pvt.) Ltd on 20 October 2015.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and the Securities and Exchange Rules 1987.

The title and format of these financial statements follow the requirements of BFRS which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management BFRS titles and format give better presentation to the shareholders.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 25 October 2017.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except for inventories which are measured at lower of cost and net realisable value.

2.3 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

2.4 Use of estimates and judgements

The preparation of these financial statements in conformity with BFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are stated in the following notes:

Note 4	Property, plant & equipment
Note 5	Investment property
Note 15	Deferred tax liability
Note 16	Employees benefit payable
Note 20	Provision for income tax

2.5 Reporting period

The financial period of the Company covers nine months from 1 January to 30 September and is followed consistently.

2.6 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

3 Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

These consolidated financial statements comprise the consolidated financial position and the consolidated results of operations of the Company and its subsidiaries (collectively referred to as "the Group") on a line by line basis together with the Group's share in the net assets of its equity- accounted investees.

BFRS-10 "Consolidated Financial Statements" introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. An investor has power over an investee when the investor has existing rights that gives it the current ability to direct the relevant activities that significantly affect the investee's returns. Power arises from rights. An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. An investor controls an investee if the investor not only has the power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's return from its involvement with the investee.

Subsidiaries

Subsidiaries are enterprises controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The results of operations and total assets and liabilities of subsidiary companies are included in the consolidated financial statements on a line-by-line basis and the interest of minority shareholders, if any, in the results and net assets of subsidiaries is stated separately. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases. Any gains or losses on increase/decrease in non-controlling interest in subsidiaries without a change in control, is recognised as a component of equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.2.1 Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in the statement of profit or loss and other comprehensive income.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented by the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial assets comprise investment in associates, loans to associates, trade & other receivables and cash and cash equivalents.

a) **Investment in associates**

Investments in associates are recognised initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, investment in associates are measured at cost less impairment loss, if any.

b) **Loans to associates**

Loans to associates are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses.

c) **Trade & other receivables**

Trade & other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition trade & other receivables are measured at amortised cost using the effective interest method, less any bad debts provision.

d) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank including short notice deposits and fixed deposits having maturity of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

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3.2.2 Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Non-derivative financial liabilities comprise trade & other payables, and interest bearing borrowings.

a) Trade & other payables

Trade & other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, trade & other payables are measured at amortised cost using the effective interest method.

b) Borrowings

Interest-bearing borrowings include short term bank loan. Interest-bearing borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

3.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

3.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment.

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

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised as gain or loss in the statement of comprehensive income.

3.4.1 Depreciation on property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Capital-work-in-progress and land are not depreciated. Depreciation on addition to fixed assets is charged from the day of their acquisition and charging of depreciation on property, plant and equipment ceases from the day on which the deletion thereof takes place. Depreciation continues to be charged on each item of property, plant and equipment until written down value of such fixed asset is reduced to Taka one.

Rates of depreciation on various classes of property, plant and equipment are as under:

Category of property, plant and equipment	Rate (%)
Factory building	2.5-5
General building	2.5-20
Head Office building	2.5-5
Plant and machinery	5-10
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixture and equipment	10
Office equipment	10-20
Communication equipment	10-20
Tools and appliances	10-20
Vehicles	10-20
Fire fighting equipment	20

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Land is not depreciated as it deemed to have an indefinite life.

3.5 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the investment property. Maintenance, renewals and betterments that enhances the economic useful life of the investment property or that improve the capacity, quality or reduce subsequently the operation cost or administration expenses and capitalized by adding it to the related investment property. Ongoing repairs and maintenance is expensed as incurred.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive n the period in which the property is derecognised.

3.5.1 Depreciation on investment property

Depreciation charged on the basis of straight line method. Depreciation continues to be charged on each item of investment property until written value of such fixed asset is reduced to Taka one. Depreciation on addition to fixed assets is charged from the day of their acquisition and charging of depreciation on investment property ceases from the day on which the deletion thereof takes place.

Rates of depreciation on various classes of investment property are as under:

Category of property, plant and equipment	Rate (%)
Building	5

Land is not depreciated as it deemed to have an infinite life.

3.6 Capital work-in-progress

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

3.7 Intangible assets

Intangible assets that are acquired by the Group (such as designs and trade marks for manufacture of ceramic tiles and sanitary ware and pharmaceuticals products) and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

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

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives of 2 to 3 years from the date that they are available for use.

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

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3.8 Leased assets

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

Lease payments

In respect of finance lease, lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are reflected in profit or loss.

Operating leases payments are recognised as an expense in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Raw materials in transit are valued at cost.

Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less estimated cost of completion and any estimated costs necessary to make the sale.

3.10 Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

The carrying amount of the non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amounts are estimated. For intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recognition of impairment

Impairment losses are recognised in profit or loss. Impairment losses in respect of CGUs are allocated first to reduced the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Employee benefit schemes

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

Defined contribution plan (Provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognised Employees Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10 percent of their basic salary to the provident fund and the Company also makes equal contribution to the fund. These are administered by the Board of Trustees. The contributions are invested separately from the company's assets.

Contribution to defined contribution plan is recognised as an expense when an employee has rendered services to the Company. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

Defined benefit plan (Gratuity)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Permanent employees are entitled to gratuity on the basis of his latest basic salary for a completed year of service or for service for a period of more than six months, salary of minimum 30 days, or salary of 45 days for a continuous service for more than ten years, it shall be in addition to any payment of compensation or payment of any wage or allowance in lieu of notice due to termination of services of a worker on different grounds. The expected cost of this benefit is included in respective annual statement of profit or loss and other comprehensive income over the period of employment.

3.12 Workers' Profit Participation Fund and Welfare Fund (WPPF)

The Company provides 5% of its net profit before tax after charging such expense as WPPF in accordance with "The Bangladesh Labour (Amendment) Act 2013".

3.13 Provisions

Provisions are recognised on the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.14 Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue from sale of goods is recognised when the company has transferred significant risk and rewards of ownership of the goods to the buyer and the revenue and costs incurred to effect the transaction can be measured reliably in compliance with the requirements of Bangladesh Accounting Standard (BAS) -18 "Revenue".

Revenue represents excluding of sample sales to dealers & customer during the period.

3.15 Finance income and expenses

Finance income comprises interest income on fixed deposits, Short Notice Deposit (SND) and amounts due from related parties. Interest income is recognized in profit or loss as it accrues, using the effective interest rate method.

Finance costs comprises interest expense on overdraft, LTR, term loan, short term borrowings and finance lease. All finance expenses are recognised in the statement of comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

3.16 Foreign currency

Transactions in foreign currencies are translated to Taka at the foreign exchange rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Taka at the rates of exchange prevailing on that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per Bangladesh Accounting Standard (BAS)-21 "The Effects of Changes in Foreign Exchange Rates".

3.17 Taxation

Income tax expenses represents current tax and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2017.

Deferred tax:

Deferred tax has been recognised in accordance with Bangladesh Accounting Standard (BAS) 12. Deferred tax is provided using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purpose. Deferred tax is determined at the effective income tax rate prevailing at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.18 Earning per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of change in number of shares for bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant years.

3.19 Determination and presentation of operating segment

Details of product-wise segment reporting as required by BFRS-8 operating segments is followed.

3.20 Contingencies

Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the year in which the recognition criteria of provision have been met.

Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

3.21 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with Bangladesh Accounting Standard (BAS)-7 *"Statement of cash flows"* as required by the Securities and Exchange Rules 1987.

3.22 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Material events after the reporting period that are not adjusting events are disclosed by way of note.

3.23 Comparatives and reclassification

Comparative information have been disclosed in respect of 2016 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/reclassified whenever considered necessary to confirm to current period's presentation.

4 **Property, plant and equipment**

30 Sep 2017

Amounts in Taka

Particulars	COST				DEPRECIATION					Net book value as at 30 Sep 2017
	Balance as at 01 Jan 2017	Additions during the period	Sale/ disposal during the period	Balance as at 30 Sep 2017	Rate (%)	Balance as at 01 Jan 2017	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2017	
Land	289,585,607	31,919,250	-	321,504,857		-	-	-	-	321,504,857
Factory building	885,686,619	43,204,435	-	928,891,055	2.5-5	289,021,867	32,917,538	-	321,939,405	606,951,650
Office building	197,676,689	5,436,840	-	203,113,529	2.5-5	91,183,718	7,476,855	-	98,660,574	104,452,956
Plant and machinery	5,096,325,210	128,956,090	-	5,225,281,300	5-10	2,840,758,215	234,923,143	-	3,075,681,358	2,149,599,942
Mobile plant	116,307,779	3,444,031	-	119,751,810	10	82,873,815	5,998,828	-	88,872,644	30,879,166
Electrical installation	241,464,647	-	-	241,464,647	10-20	169,959,558	10,710,721	-	180,670,278	60,794,369
Gas pipeline	69,647,294	-	-	69,647,294	10-20	45,539,497	2,416,112	-	47,955,609	21,691,686
Furniture and fixtures	33,527,954	1,915,584	-	35,443,538	10	24,181,501	1,148,941	-	25,330,442	10,113,096
Office equipment	99,182,629	9,085,105	-	108,267,733	10-20	37,114,917	13,246,030	-	50,360,947	57,906,786
Communication equipment	11,261,333	407,586	-	11,668,919	10-20	5,370,410	1,096,505	-	6,466,916	5,202,003
Tools and appliances	17,069,869	470,999	-	17,540,868	10-20	6,619,913	1,283,255	-	7,903,168	9,637,701
Vehicles	73,519,704	1,057,981	-	74,577,685	10-20	37,856,665	4,655,151	-	42,511,815	32,065,869
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	7,134,886,346	225,897,901	-	7,360,784,247		3,634,111,089	315,873,079	-	3,949,984,167	3,410,800,080

31 Dec 2016

Amounts in Taka

Particulars	COST				DEPRECIATION					Net book value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Additions during the year	Sale/ disposal during the year	Balance as at 31 Dec 2016	Rate (%)	Balance as at 01 Jan 2016	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2016	
Land	289,585,607	-	-	289,585,607		-	-	-	-	289,585,607
Factory building	486,550,770	399,135,849	-	885,686,619	2.5-5	254,767,601	34,254,266	-	289,021,867	596,664,752
Office building	195,540,797	2,135,892	-	197,676,689	2.5-20	81,236,181	9,947,538	-	91,183,718	106,492,971
Plant and machinery	3,525,500,749	1,570,824,461	-	5,096,325,210	5-10	2,544,072,048	296,686,167	-	2,840,758,215	2,255,566,995
Mobile plant	103,009,939	13,297,840	-	116,307,779	10	74,859,697	8,014,118	-	82,873,815	33,433,964
Electrical installation	183,272,165	58,192,482	-	241,464,647	10-20	157,552,492	12,407,066	-	169,959,558	71,505,089
Gas pipeline	48,136,891	21,510,403	-	69,647,294	10-20	43,155,571	2,383,926	-	45,539,497	24,107,797
Furniture and fixtures	30,958,310	2,569,644	-	33,527,954	10	21,298,483	2,883,018	-	24,181,501	9,346,453
Office equipment	95,375,111	3,920,247	(112,730)	99,182,629	10-20	19,990,457	17,199,735	(75,275)	37,114,917	62,067,711
Communication equipment	10,133,036	1,128,297	-	11,261,333	10-20	4,149,046	1,221,364	-	5,370,410	5,890,923
Tools and appliances	8,739,426	8,330,443	-	17,069,869	10-20	5,748,154	871,759	-	6,619,913	10,449,956
Vehicles	70,061,529	5,140,669	(1,682,494)	73,519,704	10-20	33,009,675	6,394,633	(1,547,643)	37,856,665	35,663,039
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	5,050,495,342	2,086,186,228	(1,795,224)	7,134,886,346		3,243,470,417	392,263,590	(1,622,918)	3,634,111,089	3,500,775,257

5 Investment Property

30 Sep 2017

Particulars	COST					DEPRECIATION				Net book value as at 30 Sep 2017
	Balance as at 01 Jan 2017	Additions during the period	Sale/disposal during the period	Balance as at 30 Sep 2017	Rate	Balance as at 01 Jan 2017	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2017	
Land[1]	500,571,750	-	-	500,571,750	5%	-	-	-	-	500,571,750
Office building[2]	4,432,737	206,203,645	-	210,636,382		660,732	6,210,857	-	6,871,588	203,764,794
Total	505,004,487	206,203,645	-	711,208,132		660,732	6,210,857	-	6,871,588	704,336,544

31 Dec 2016

Particulars	COST					DEPRECIATION				Net book value as at 31 Dec 2016
	Balance as at 01 Jan 2016	Additions during the year	Sale/disposal during the year	Balance as at 31 Dec 2016	Rate	Balance as at 01 Jan 2016	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2016	
Land	500,571,750	-	-	500,571,750	5%	-	-	-	-	500,571,750
Office building	4,432,737	-	-	4,432,737		438,813	221,918	-	660,732	3,772,005
Total	505,004,487	-	-	505,004,487		438,813	221,918	-	660,732	504,343,755

1 The land 10 khata is situated besides the RAK Tower was acquired in March 2012. The same was classified as Property, plant & equipment till 31st Dec 2016. However, presently the asset is under operating lease considering undetermined future use. Hence in the current financial statements, the same is reclassified as an item of "Investment Property" as defined under BAS 40.

The said property are stated at cost as per BAS 16 due to alternate reliable sources of measurement being unavailable.

2 The property, being an Apartment on 10th floor, RAK Tower, was acquired in the month of February 2017 from M/s Julphar Bangladesh Ltd. (Erstwhile RAK Pharmaceuticals Pvt. Ltd) and godown office building is situated at above mentioned land. This property is too under operating lease culminating in undetermined future use. Hence the same is classified under "Investment Property" under BAS 40.

The fair values of the property has been adopted at the transaction value considering that the munnicipal valuation of the property has fairly remained unchanged, the company has adopted the transaction value as the fair value of the property.

	30 Sep 2017 Taka	30 Sep 2016 Taka
4.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 22)	288,247,088	245,533,042
Administrative expenses (Note 4.2)	32,320,352	26,648,662
Marketing & selling expenses (Note 25)	1,516,495	1,487,355
	322,083,935	273,669,059
4.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 24)	26,109,495	26,482,526
Depreciation on investment property (Note 24)	6,210,857	166,136
	32,320,352	26,648,662

4.3 Disposal of property, plant and equipment

30 Sep 2017

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
No Disposal	-	-	-	-	-
Total	-	-	-	-	-

31 Dec 2016

Particulars	Original cost	Accumulated depreciation	Book value	Sale/Lost	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Vehicle	1,682,494	1,547,643	134,851	687,050	552,199
Office equipment	112,730	75,275	37,455	20,100	(17,355)
Total	1,795,224	1,622,918	172,306	707,150	534,844

		30 Sep 2017 Taka	31 Dec 2016 Taka
6	**Intangible assets**		
	Balance as at 1 January	6,740,159	6,683,955
	Add: Addition during the period	1,669,768	12,401,543
		8,409,927	19,085,498
	Less: Amortisation during the period (Note-6.1)	3,884,346	12,345,339
	Balance as at 30 September	4,525,581	6,740,159
6.1	Amortisation charged on the basis of the purpose of use		
	Administrative expenses (Note - 24)	3,884,346	12,345,339
		3,884,346	12,345,339
7	**Capital Work-in-Progress**		
	Balance as at 1 January	28,726,284	1,545,379,710
	Add: Addition during the period	390,487,289	28,099,014
		419,213,573	1,573,478,724
	Less: Transfer to property, plant & equipment and IP during the period (note 7.1)	376,046,847	1,528,441,226
	Impairment loss on capital equipment during the period	-	16,311,214
	Balance as at 30 September	43,166,726	28,726,285
7.1	**Items transferred from capital work in progress to property, plant & equipment**		
	Office building	207,433,931	237,219,154
	Factory building	48,141,824	-
	Plant & machinery	119,753,078	1,256,599,871
	Others	718,015	34,622,201
		376,046,847	1,528,441,226
8	**Loan to disposed subsidiary**		
	Julphar Bangladesh Ltd. (Erstwhile RAK Pharmaceuticals Pvt. Ltd.)	-	201,898,000
		-	201,898,000
9	**Inventories**		
	Raw materials	666,780,414	844,891,203
	Less : Provision for obsolescence made during the period	-	(13,878,807)
		666,780,414	831,012,396
	Stores and consumables spares	1,117,524,287	1,082,968,219
	Finished goods	586,038,810	387,942,404
	Work-in-process	156,489,311	96,173,371
	Goods-in-transit	216,045,851	129,410,652
		2,742,878,673	2,527,507,042

AMARSTOCK

		30 Sep 2017 Taka	31 Dec 2016 Taka
10	**Trade and other receivables**		
	Non current :		
	Receivable against disposal of investment	-	74,025,000
	Current :		
	Trade receivables (Note 10.1)	549,685,433	548,029,728
		549,685,433	548,029,728
	Accrued interest (Note 10.2)	1,125,775	2,336,714
	Accrued rental income	2,595,002	380,000
	Receivable against disposal of investment	68,095,114	68,095,114
	Other receivable	842,093	-
		622,343,417	618,841,556
10.1	**Trade receivables**		
	Receivables from local sales	538,372,256	548,029,728
	Receivables from export sales	11,313,178	-
		549,685,433	548,029,728
10.2	**Accrued interest**		
	Interest accrued on FDR	1,125,775	2,336,714
		1,125,775	2,336,714
11	**Advance, deposit and prepayments**		
	Advances:		
	Employees	80,671	17,500
	Land advance & others	20,482,711	36,776,888
	Suppliers agaisnt material & services	238,717,674	225,082,941
		259,281,056	261,877,329
	Security and other deposits:		
	Titas gas	39,694,150	22,262,600
	Mymenshing Palli Bidyut Samity-2	1,955,000	1,955,000
	VAT and supplementary duty (note 11.1)	44,885,793	36,231,093
	Deposit with income tax authority	36,685,655	17,185,655
	Deposit with VAT authority	7,530,001	7,530,001
	Other deposits	1,491,853	1,491,853
		132,242,452	86,656,202
	Prepayments:		
	House rent	8,008,514	9,176,471
	Insurance	71,187,057	48,237,825
	Others	450,880	300,141
		79,646,451	57,714,437
		471,169,959	406,247,968

		30 Sep 2017 Taka	31 Dec 2016 Taka
11.1	Supplementary duty & VAT		
	Balance as at 1 January	36,231,093	58,015,290
	Add: Treasury deposit for SD & VAT purpose	1,088,000,000	1,121,800,000
	Rebate of input VAT	246,956,928	273,305,798
		1,371,188,021	1,453,121,088
	Add: Receivable - SD & VAT	-	-
		1,371,188,021	1,453,121,088
	Less: SD & VAT on sales	1,318,083,350	1,416,418,729
	Payable- SD & VAT	8,218,877	471,266
		1,326,302,227	1,416,889,995
	Balance as at 30 September	44,885,793	36,231,093
12	**Advance Income Tax**		
	Balance as at 1 January	2,485,841,759	2,219,806,786
	Add: Paid during the period	265,445,134	266,034,973
	Less: Adjusted during the period	4,926,690	-
	Balance as at 30 September (12.1)	2,746,360,203	2,485,841,759
12.1	**Payment for the period**		
	Income year		
	Current period	212,540,924	-
	Year 2016	279,185,635	229,618,424
	Year 2015	187,267,285	187,267,285
	Year 2014	295,379,428	295,379,428
	Year 2013	392,118,319	392,118,319
	Year 2012	334,263,453	336,319,884
	Year 2011	328,701,317	328,082,711
	Year 2010	265,532,626	265,684,491
	Year 2009	218,091,876	218,091,876
	Year 2008	85,378,847	85,378,847
	Year 2007	124,813,161	124,813,161
	Year 2006	23,087,333	23,087,333
		2,746,360,203	2,485,841,759

AMARSTOCK

		30 Sep 2017 Taka	31 Dec 2016 Taka
13	**Cash and cash equivalents**		
	Cash in hand	4,164,646	9,880,543
	Cash at banks		
	HSBC (current account -001-013432-011,001-107580-011,001-096015-011, 001-096007-011 - BDT)	35,917,718	40,412,746
	Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	18,608,767	66,626,593
	Brac Bank Ltd. (current account - 1530301731248001 - BDT)	18,844,070	-
	Citibank N.A. (current account - G0100001200262018 - BDT)	4,183,965	15,162,084
	Dutch Bangla Bank Ltd. (current account - 117-110-12733,117-110-2481, 117.110.23474 -BDT)	69,129,021	142,302
	HSBC (ERQ account - 001-013432-047 - USD)	3,689,997	6,549,288
	Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	927,539	973,813
	United Commercial Bank (SND account - 0831301000000164 BDT)	30,633,590	-
	Eastern Bank Ltd. (SND account - 1131350237146 - BDT)	16,020,190	-
	EXIM Bank (SND account - 01513100031877 - BDT)	115,486	114,271
	Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	454,397	1,038,142
	Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	307,268,774	81,821,359
	BRAC Bank (SND - 1513101731248001 - BDT)	357,057	356,703
	Prime Bank Ltd. (SND - 12531010022563 - BDT)	21,555,168	20,282,604
	Dhaka Bank Ltd (SND - 102.150.274- BDT))	50,297,645	-
	Commercial Bank of Ceylon (CD-2817000776 - BDT.)	5,097	-
	Commercial Bank of Ceylon (SND-2817000777 - BDT.)	11,935,967	6,559,754
		589,944,448	240,039,659
	IPO bank account		
	Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,455,760	2,453,275
	Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,941,453
	Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,603
	Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,594	126,588
		6,655,463	6,674,919
	Dividend bank account		
	BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,619,006	2,627,831
	BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,205,331	2,222,418
	SCB (Current - 02-6162940-02- BDT) - 2012	3,828,906	3,899,024
	SCB (Current - 02-6162940-03- BDT) - 2013	16,705,763	16,697,585
	SCB (Current - 02-6162940-04- BDT) - 2014	4,994,934	5,082,074
	SCB (Current - 02-6162940-05- BDT) - 2015	3,860,829	4,082,795
	SCB (Current - 02-6162940-06- BDT) - 2016	4,460,922	-
		38,675,691	34,611,727
	Investment in Fixed Deposit Receipt (FDR)		
	HSBC	16,827,834	30,674,551
	SCB	762,080	762,080
	Brac Bank Ltd.	150,000,000	-
	-		
	Dutch Bangla Bank Ltd.	45,000,000	480,000,000
		212,589,914	511,436,631
	Total	852,030,162	802,643,479

	30 Sep 2017	31 Dec 2016
	Taka	Taka

14 Share Capital

Authorised :		
600,000,000 ordinary shares of Taka 10/- each	6,000,000,000	6,000,000,000
Issued, subscribed, called and paid up :		
353,693,141 ordinary shares of Taka 10/- each	3,536,931,410	3,368,506,110

Percentage of shareholdings :

	2017		2016	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,409,805,220	71.67	2,414,100,210
S.A.K. Ekramuzzaman	3.92	138,725,830	3.92	132,119,850
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	290	0.00	280
Sheikh Omer Bin Saqr Al Qassimi	0.00	290	0.00	280
Sheikh Ahmad Bin Humaid al Qassimi	0.00	290	0.00	280
Hamad Abdulla Al Muttawa	0.00	140	0.00	140
Dr. Khater Massaad	0.00	140	0.00	140
Abdallah Massaad	0.00	140	0.00	140
Manoj Uttamrao Ahire	0.00	140	0.00	140
General Public	27.95	988,398,930	24.41	822,284,650
	100.00	3,536,931,410	100.00	3,368,506,110

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2017	2016	2017	2016
Less than 500 shares	25,358	26,718	5,471,094	5,617,564
501 to 5,000 shares	9,119	8,021	14,512,755	11,426,420
5001 to 10,000 shares	883	618	6,384,401	4,593,958
10,001 to 20,000 shares	479	308	6,752,982	4,505,626
20,001 to 30,000 shares	134	99	3,364,270	2,463,012
30,001 to 40,000 shares	79	50	2,796,782	1,774,201
40,001 to 50,000 shares	42	38	1,946,792	1,760,460
50,001 to 100,000 shares	85	80	5,794,505	5,479,795
100,001 to 1,000,000 shares	91	63	25,147,939	18,732,649
Over 1,000,000 shares	10	11	281,521,621	280,496,926
	36,280	36,005	353,693,141	336,850,611

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	30 Sep 2017 Taka	31 Dec 2016 Taka
15 Deferred tax liabilities		
Balance as at 1 January	128,416,223	75,811,194
Less : Deferred tax (income)/expenses	37,070,845	52,605,029
Balance as at 30 September	165,487,068	128,416,223
16 Employees benefits payable		
Provident fund	9,245,427	362,708
Gratuity fund	25,893,650	3,096,075
	35,139,077	3,458,783

	2017		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	362,708	3,096,075	3,458,783
Add: Provision made during the period	40,447,517	26,182,342	66,629,859
	40,810,225	29,278,417	70,088,642
Less: Payments made to fund during the period	31,564,798	3,384,767	34,949,565
Balance as at 30 September	9,245,427	25,893,650	35,139,076

	2016		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	3,292,467	22,931,668	26,224,135
Add: Provision made during the year	50,299,846	34,732,847	85,032,693
	53,592,313	57,664,515	111,256,828
Less: Payments made to fund during the year	53,229,605	54,568,440	107,798,045
Balance as at 31 December	362,708	3,096,075	3,458,783

17 Borrowings		
Non-current:		
Term loan	691,956,185	861,151,969
Current portion of term loan	(269,981,604)	(259,951,837)
	421,974,581	601,200,132
Current:		
Bank overdrafts	-	29,663,693
Short-term borrowings	382,393,475	276,639,469
Current portion of term loan	269,981,604	259,951,837
	652,375,079	566,254,999
Balance as at 30 September	1,074,349,660	1,167,455,131

17.1 Borrowings by maturity

At 30 September 2017	< 1 year	1-2 years	2-5 years	Total
Short-term borrowings	382,393,475	-	-	382,393,475
Term loan	269,981,604	269,981,604	151,992,977	691,956,185
	652,375,078	269,981,604	151,992,977	1,074,349,660

At 31 December 2016	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	29,663,693	-	-	29,663,693
Short-term borrowings	276,639,469	-	-	276,639,469
Term loan	259,951,837	259,951,837	341,248,296	861,151,969
	566,254,999	259,951,837	341,248,296	1,167,455,131

17.2 Facilities details

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	-	Revolving	From company's own source	1) Letter of comfort, 2) Hypothecation over plant & machinery on parri - passu basis with other lenders. 3) Hypothecation over stock & book debts on a parri - passu basis with other lenders. 4) Demand promissory note.	1) Land, 2) Plant and machinery of the expansion plant.
	Short term loan	378,000,000	181,899,118	180/360 days from B/L date			
HSBC	Overdraft	30,000,000		Revolving			
	Short term loan	550,000,000	200,494,357	180/360 days from B/L date			
	Long term loan	1,366,872,000	691,956,185	5 years			
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving			
	Short term loan	125,000,000	-	180/360 days from B/L date			
Commercial Bank of Ceylon	Overdraft	25,000,000	-	Revolving			
	Short term loan	300,000,000	-	180/360 days from B/L date			

	30 Sep 2017 Taka	31 Dec 2016 Taka
18 Trade and other payables		
Trade payables		
Payable to local suppliers	13,351,846	174,944,298
Payable to foreign suppliers	209,335,399	183,906,485
Payable to service provider	84,029,303	80,465,357
Payable to C & F agent	43,745,467	10,283,280
	350,462,015	449,599,420
Other payables		
Tax deducted at source	13,044,760	15,971,206
VAT deducted at source	5,173,586	9,998,255
Dividend Payable	37,970,489	33,889,190
Unclaimed share application	20,838,116	20,838,116
Advance from cutomer against sales	18,339,377	8,237,699
Security deposit payable	4,107,790	1,638,234
Payable to employee for trade	41,856	-
Provisional liabilities - material & services	141,140,235	50,299,995
	240,656,209	140,872,695
	591,118,224	590,472,114

		30 Sep 2017 Taka	31 Dec 2016 Taka
19	**Accrued expenses**		
	Power and gas	30,767,532	23,498,627
	Staff cost	77,898,858	41,406,844
	Audit fees	1,149,188	1,157,500
	Professional charges	321,340	538,000
	Interest on loans	9,557,913	1,495,042
	Telephone	373,284	270,927
	Provision for freight	8,278,588	11,774,670
	Managing Director's remuneration (Note 19.1)	35,217,294	40,911,795
	Worker's profit participation and welfare fund (Note 19.2)	51,942,912	61,056,166
	Royalty and technical know-how fees (Note 19.3)	167,055,055	83,946,396
	Others	3,710,514	3,464,070
		386,272,478	269,520,037
19.1	**Managing Director's remuneration**		
	Balance as at 1 January	40,911,795	34,075,485
	Add: Provision made during the period	35,217,294	40,911,795
		76,129,089	74,987,280
	Less: Paid to Managing Director	40,911,795	34,075,485
	Balance as at 30 September	35,217,294	40,911,795
19.2	**Worker's profit participation and welfare fund**		
	Balance as at 1 January	61,056,166	54,064,400
	Add: Contribution made to the fund during the period	51,942,912	61,056,166
		112,999,078	115,120,566
	Less: Payment made from the fund during the period	61,056,166	54,064,400
	Balance as at 30 September	51,942,912	61,056,166
19.3	**Provision for royalty and technical know-how fees**		
	Balance as at 1 January	83,946,396	2,399,388
	Add: Provision made during the period	83,108,659	96,547,008
		167,055,055	98,946,396
	Less: Tax provision on disallowance of royalty paid for the year 2009	-	15,000,000
	Balance as at 30 September	167,055,055	83,946,396
20	**Provision for income Tax**		
	Balance as at 1 January	2,886,541,590	2,583,742,941
	Add: Provision made for the period	268,593,324	302,798,649
		3,155,134,914	2,886,541,590
	Less: Provision release during the period	4,926,690	-
	Balance as at 30 September (Note 20.1)	3,150,208,224	2,886,541,590
20.1	**Provision for income Tax**		
	Income year		
	Current period	268,492,997	-
	Year 2016	302,798,649	302,798,649
	Year 2015	323,397,728	323,397,728
	Year 2014	381,571,248	381,571,248
	Year 2013	364,979,858	364,979,858
	Year 2012	339,211,366	341,267,796
	Year 2011	326,685,215	328,376,284
	Year 2010	348,965,691	350,044,556
	Year 2009	266,823,984	266,823,984
	Year 2008	147,117,914	147,117,914
	Year 2007	80,163,573	80,163,573
		3,150,208,224	2,886,541,590

		Jan to Sep 17 Taka	Jan to Sep 16 Taka	July to Sep 17 Taka	July to Sep 16 Taka
21	**Sales**				
	Gross sales (Local)	6,370,446,726	4,950,655,261	2,233,800,346	1,599,909,548
	Gross sales (Export)	11,313,178	14,213,646	11,313,178	3,781,722
	Total Sales	6,381,759,904	4,964,868,907	2,245,113,524	1,603,691,270
	Less: Supplementary Duty	496,678,109	345,255,260	172,436,319	114,892,275
	VAT	843,545,510	654,160,735	296,514,014	213,203,640
	Net sales	5,041,536,285	3,965,452,912	1,776,163,192	1,275,595,355
22	**Cost of sales**				
	Materials consumed:				
	Opening stock as at 1 January	831,012,396	847,867,994	737,032,088	796,381,994
	Add: Purchase during the period	1,476,752,845	1,024,918,646	509,055,909	312,182,741
		2,307,765,241	1,872,786,640	1,246,087,997	1,108,564,735
	Less: Closing stock as at 30 September	666,780,414	771,257,849	666,780,414	771,257,849
		1,640,984,827	1,101,528,791	579,307,583	337,306,886
	Manufacturing overhead:				
	Direct labour (Note 22.1.1)	389,235,057	321,411,847	136,415,770	107,336,376
	Direct expenses:				
	Power and gas	176,487,314	97,494,184	63,627,193	36,143,545
	Repairs and indirect materials (Note 22.1.2)	602,148,341	521,105,237	205,823,082	210,002,803
	Rental charges	674,343	616,304	235,988	205,434
	Moulds and punches	17,237,793	11,656,980	6,551,999	4,452,139
	Depreciation	288,247,088	245,533,042	92,065,004	106,143,202
	Royalty and technical know-how/assistance fees (22.1.3)	83,108,659	54,461,593	27,413,696	14,567,618
	Other production overhead (Note 22.1.4)	56,480,664	55,546,299	22,783,323	21,807,750
	Movement in stock	(305,069,364)	(87,457,442)	(88,756,689)	(90,369,700)
		2,949,534,721	2,321,896,834	1,045,466,949	747,596,052
22.1.1	**Direct labour**				
	Salary & wages	217,386,085	182,267,343	75,322,162	63,513,808
	Overtime	29,646,559	29,680,030	11,397,561	12,127,711
	Bonus	30,823,356	26,006,136	10,213,279	8,610,341
	Incentive	120,706	412,895	38,037	70,217
	Temporary labour wages	68,690,719	57,122,987	24,290,585	16,735,975
	Gratuity	18,367,417	16,879,160	6,315,623	5,196,164
	Employer's contribution to provident fund	13,627,844	8,590,155	4,572,173	957,069
	Leave encashment	8,649,798	-	3,567,542	-
	Group life insurance	1,922,573	453,142	698,808	125,091
		389,235,057	321,411,847	136,415,770	107,336,376
22.1.2	**Repairs and indirect materials**				
	Stores, spares, repair & maintenance	314,997,035	295,194,380	111,061,321	128,063,447
	Packing expenses	287,151,306	225,910,857	94,761,761	81,939,356
		602,148,341	521,105,237	205,823,082	210,002,803
21.1.3	**Royalty and technical know-how/assistance fees**				
	Royalty and technical know-how/assistance fees	83,108,659	65,711,593	27,413,696	18,317,618
	Less : Tax provision on disallowance of royalty paid for the year 2009	-	11,250,000	-	3,750,000
		83,108,659	54,461,593	27,413,696	14,567,618
22.1.4	**Other production overhead**				
	Hotel fare and expenses for technician	6,646,010	10,881,802	2,248,749	5,458,932
	Demurrage	1,941,934	1,031,555	498,742	213,821
	Insurance	11,743,939	12,061,661	3,790,380	4,200,982
	Hiring charges and transportation	6,477,516	1,566,652	2,755,330	555,002
	Impairment loss on capital equipment	-	12,233,410	-	4,077,803
	Provision for obsolescence	-	10,409,105	-	3,469,702
	Other expenses	29,671,266	7,362,114	13,490,122	3,831,509
		56,480,664	55,546,299	22,783,323	21,807,750

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		Jan to Sep 17 Taka	Jan to Sep 16 Taka	July to Sep 17 Taka	July to Sep 16 Taka
23	**Other income**				
	Dividend income	200	250	-	-
	Miscellaneous income	142,877	15,317	112,369	15,317
	Rental income	10,133,002	1,800,000	2,115,001	600,000
		10,276,079	1,815,567	2,227,370	615,317
24	**Administrative expenses**				
	Staff cost (note-24.1)	126,407,859	114,549,385	42,199,297	40,283,946
	Annual General Meeting expenses	11,670,703	14,036,817	1,521,287	250,409
	Telephone and postage	2,762,955	4,418,868	992,273	1,004,168
	Office repair and maintenance (note 24.2)	9,290,750	4,459,162	5,478,957	1,199,212
	Registration and renewal	1,221,850	1,008,793	479,488	294,574
	Security and guard expenses	9,596,537	8,595,129	2,966,999	2,868,880
	Electricity, gas and water	4,584,645	5,250,693	2,436,420	2,305,105
	Depreciation on property, plant & equipment (note - 4.2)	26,109,495	26,482,526	9,021,007	8,846,482
	Depreciation on investment property (4.2)	6,210,857	166,136	2,654,666	55,783
	Amortisation	3,884,346	9,096,159	1,175,806	3,247,734
	Legal and professional fees	5,834,082	7,053,878	1,371,497	1,158,002
	Vehicle repair and maintenance	8,563,518	8,791,498	2,725,201	2,677,418
	Rent, rate and tax	5,101,383	4,567,393	962,139	876,846
	Loss on sale of property, plant and equipment	-	32,804	-	27,455
	Bad debts	-	357,846	-	(17,250)
	CSR expenses	6,137,500	2,842,270	637,500	275,000
	Managing Director's remuneration (note-24.3)	35,217,294	27,845,288	11,616,554	7,762,091
	Technical consultancy & others	16,335,757	7,263,080	6,207,327	2,982,937
		278,929,531	246,817,725	92,446,418	76,098,792
24.1	**Staff cost**				
	Salary & wages	88,149,604	77,711,974	30,273,400	26,804,345
	Bonus	11,966,408	11,373,439	4,208,207	3,597,180
	Incentive	377,581	3,341,198	6,852	2,065,365
	Gratuity	6,169,912	5,822,886	2,128,244	1,808,609
	Employer's contribution to provident fund	4,917,901	4,441,055	1,693,538	1,587,702
	Leave encashment	4,311,005	178,500	1,489,866	178,500
	Group life insurance	674,962	186,737	257,231	34,358
	Canteen and conveyance expenses	4,800,451	5,845,874	1,100,649	1,730,110
	Staff uniform expenses	1,398,228	1,543,352	240,966	1,087,645
	Travelling expenses	1,973,280	2,931,739	243,355	1,086,944
	Medical expenses	1,338,101	760,136	446,303	138,194
	Accommodation expenses	-	88,280	-	88,280
	Other employee benefit	330,426	324,215	110,686	76,714
		126,407,859	114,549,385	42,199,297	40,283,946
24.2	**Office repair & maintenance**				
	Repairs office equipment	856,807	284,172	748,435	(441,300)
	Office maintenance	8,433,943	4,174,989	4,730,522	1,640,511
		9,290,750	4,459,162	5,478,957	1,199,212
24.3	**Managing Director's remuneration**				
	Provision made during the period	35,217,294	27,845,288	11,616,554	7,762,091
		35,217,294	27,845,288	11,616,554	7,762,091

Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.

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		Jan to Sep 17 Taka	Jan to Sep 16 Taka	July to Sep 17 Taka	July to Sep 16 Taka
25	**Marketing & selling expenses**				
	Staff cost (note-25.1)	29,007,981	21,110,795	10,305,997	6,965,866
	Advertisement	4,382,897	2,881,958	1,550,587	1,040,827
	Freight and transportation	201,644,868	156,666,814	59,340,810	52,293,242
	Performance rebates (note-25.2)	263,525,450	180,103,258	107,617,231	56,953,623
	Business promotion	33,651,835	13,792,634	16,321,925	3,955,948
	Depreciation	1,516,495	1,487,355	511,053	499,404
	Discount	79,612,497	100,554,680	29,944,523	30,051,238
	Travel, entertainment and others	25,939,832	19,682,407	7,625,837	8,506,317
		639,281,855	496,279,901	233,217,963	160,266,466
25.1	**Staff cost**				
	Salary & wages	21,927,411	15,537,126	7,941,938	5,299,415
	Bonus	2,371,244	1,975,596	829,164	675,919
	Incentive	33,205	566,750	-	-
	Gratuity	1,645,013	1,175,003	599,302	401,701
	Employer's contribution to provident fund	1,309,916	939,665	476,341	320,788
	Leave Encashment	300,848	-	-	-
	Group life insurance	116,448	170,805	37,869	30,970
	Conveyance & food expenses	1,303,896	745,850	421,383	237,073
		29,007,981	21,110,795	10,305,997	6,965,866
25.2	**Performance rebates**				
	Compensation to customer	6,983,082	2,311,958	2,225,302	121,957
	Dealers' commission	99,246,262	70,336,699	33,205,598	23,551,250
	Breakage commission	100,508,596	84,226,952	15,398,821	10,052,767
	Dealers' incentive and bonus	56,787,510	23,227,649	56,787,510	23,227,649
		263,525,450	180,103,258	107,617,231	56,953,623
26	**Finance income**				
	Interest on bank account (SND)	2,973,855	2,658,770	1,452,639	80,528
	Interest on FDR	5,661,373	11,511,304	751,501	(167,929)
	Exchange gain	-	2,353,281	-	479,088
		8,635,228	16,523,355	2,204,140	391,687
27	**Financial expenses**				
	Interest expenses	34,915,299	28,344,665	10,732,503	11,010,256
	Foreign exchange loss	40,247,643	-	7,071,766	-
	Bank charges	2,919,608	1,427,769	1,526,887	300,918
		78,082,550	29,772,434	19,331,156	11,311,173
28	**Contribution to worker's profit participation and welfare fund**				
	Provision made during the period	51,942,912	41,605,460	17,133,560	11,627,083
		51,942,912	41,605,460	17,133,560	11,627,083
29	**Current tax**				
	Current period	268,593,324	205,892,055	86,177,685	62,693,028
		268,593,324	205,892,055	86,177,685	62,693,028

30 Financial risk management

The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition etc. Trade & other receivable are mainly related to receivables from dealers, receivables from export sales, claim receivables, accrued interest and other receivables. The Company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

a) Exposure to credit risk

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

	USD	USD	Amounts in Taka	
	As at 30 Sep 2017	As at 31 Dec 2016	As at 30 Sep 2017	As at 31 Dec 2016
Trade receivables				
Customer-Local	-	-	538,372,256	548,029,728
Customer-Export	140,015	-	11,313,178	-
	140,015	-	549,685,433	548,029,728
Other receivables				
Accrued Interest			1,125,775	2,336,714
Accrued rental income			2,595,002	380,000
Receivable against disposal of investment			68,095,114	142,120,114
Others			842,093	-
			72,657,984	144,836,828
Loan to disposed subsidiary				
Julphar Bangladesh Ltd. (Erstwhile RAK Pharmaceuticals Pvt. Ltd.)			-	201,898,000
			-	201,898,000
Cash equivalents			847,865,516	792,762,936

b) Ageing of receivables

The ageing of trade receivables as at 30 September was:

	Amounts in Taka	
	As at 30 Sep 2017	As at 31 Dec 2016
Not past due	448,038,142	514,179,767
0-90 days past due	93,641,551	26,281,407
91-180 days past due	8,005,740	7,568,554
181-365 days past due	549,685,433	548,029,728

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30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities of the Company:

	As at 30 September 2017			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	591,118,224	591,118,224	591,118,224	-
Short term borrowing (foreign)	382,393,475	382,393,475	382,393,475	-
Term loan (foreign)	691,956,185	691,956,185	269,981,604	421,974,581
	1,665,467,883	1,665,467,883	1,243,493,302	421,974,581

	As at 31 December 2016			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	29,663,693	29,663,693	29,663,693	-
Trade and other payables	590,472,114	590,472,114	590,472,114	-
Short term borrowing	276,639,469	276,639,469	276,639,469	-
Term loan	861,151,969	861,151,969	259,951,837	601,200,132
	1,757,927,245	1,757,927,245	1,156,727,112	601,200,132

30.3 Market risk

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

a) Currency risk

The Company is exposed to currency risk on certain revenues and purchase of raw material, spare parts, accessories and capital item. Majority of the company's foreign currency purchase are denominated in USD and EURO. All the export proceeds are receipt in USD, 50% of export proceeds are crediting to export retention quota account and rest of the 50% are converted to Taka and crediting to company's current account.

i) Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts (in Taka):

	As at 30 September 2017					As at 31 December 2016		
	AED	GBP	USD	EURO	JPY	GBP	USD	EURO
Foreign currency denominated assets								
Receivable from customers-Export	-	-	140,015	-	-	-	-	-
Cash at bank	-	-	57,148	-	-		96,388	-
	-	-	197,162	-	-	-	96,388	-

	As at 30 September 2017					As at 31 December 2016		
	AED	GBP	USD	EURO	JPY	GBP	USD	EURO
Foreign currency denominated liabilities								
Trade payables	107,126	185,615	1,370,408	757,575	4,850,000	164,899	1,274,984	797,167
Short term borrowings	-	-	4,455,730	169,900	-	-	3,100,548	375,259
Term loan	-	-	8,428,211	-	-	-	10,893,763	-
Royalty & Technical Fees	-	-	2,034,775	-	-	-	1,061,940	-
Dividend payable	-	-	-	-	-	-	-	-
	107,126	185,615	16,289,123	927,475	4,850,000	164,899	16,331,235	1,172,426
Net exposure	(107,126)	(185,615)	(16,091,962)	(927,475)	(4,850,000)	(164,900)	(16,234,847)	(1,172,426)

The Company has foreign exchange loss of Tk 40,247,643 during the period ended 30 Sep 2017 (30 Sep 2016: Exchange gain Tk 2,353,281).

The following significant exchange rates have been applied:

	Exchange rate as at	
	30 Sep 2017	31 Dec 2016
	Taka	Taka
AED	22.2897	21.3397
GBP	109.0758	96.2662
USD	81.4500	78.5500
EURO	95.7750	82.3516
JPY	0.7267	0.6737

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the Taka, as indicated below, against the AED,GBP, USD, EURO, and JPY at 30 Sep would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 September 2017		As at 31 December 2016	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 September				
AED (3 percent movement)	(3,313)	3,120	-	-
GBP (3 percent movement)	(5,741)	5,406	(5,100)	4,803
USD (3 percent movement)	(497,690)	468,698	(502,109)	472,860
EURO (3 percent movement)	(28,685)	27,014	(36,261)	34,148
JPY (3 percent movement)	(150,000)	141,262	-	-

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as it has neither floating interest rate bearing financial liabilities nor entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Profile

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 30 September 2017	As at 31 December 2016
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	212,589,914	511,436,631
Cash at banks	635,275,602	281,326,305
Financial liabilities		
Term loan (Foreign)	691,956,185	861,151,969
Bank overdraft	-	29,663,693
Short term borrowing (foreign)	382,393,475	276,639,469

Fair value of financial assets and liabilities of the Company together with carrying amount shown in the statement of financial position are as follows:

	As at 30 September 2017		As at 31 December 2016	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	212,589,914	212,589,914	511,436,631	511,436,631
Loans and receivables				
Trade receivables	549,685,433	549,685,433	548,029,728	548,029,728
Other receivables	72,657,984	72,657,984	144,836,828	144,836,828
Loan to disposed subsidiary	-	-	201,898,000	201,898,000
Cash equivalents	847,865,516	847,865,516	792,762,936	792,762,936
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	691,956,185	691,956,185	861,151,969	861,151,969
Bank overdraft	-	-	29,663,693	29,663,693
Trade and other payables	591,118,224	591,118,224	590,472,114	590,472,114
Short term borrowing (foreign)	382,393,475	382,393,475	276,639,469	276,639,469

Interest rates used for determining amortised cost

The interest rates used to discount estimated cash flows, when applicable were as follows:

	30 September 2017	31 December 2016
Investment in FDR	1.95%-6.25%	2.50%-4.00%
Term loan	Libor+3%	Libor+3%
Bank overdraft	8.00%-10.00%	8%-10.75%
Short term bank loan (local currency)	8.00%-10.00%	8%-13.50%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-2.85%)	Libor+(2.75%-3.00%)
Long term bank loan (foreign currency/USD)	Libor+3%	Libor+3%

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31 Related party disclosures under BAS-24

List of related parties with whom transactions have taken place and their relationship as identified and certified by management:

Amounts in Taka

31.1

Name of related party	Relationship	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Loan	Interest receivables
RAK Power Pvt. Ltd	Subsidiary	Current period	283,669,366	4,495,617	4,495,617	64,245,698	-	-	-
		Previous period	256,187,364	4,108,696	4,108,696	60,665,107	-	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Current period	78,783,778	-	-	15,191,975	-	-	-
		Previous period	69,457,446	-	-	11,944,479	-	-	-
RAK Ceramics - UAE	Parent	Current period	21,726,261	-	2,826,359	24,358,865	-	-	-
		Previous period	26,181,430	-	-	4,731,000	-	-	-
Kea Printing & Packaging Industries	Other related party	Current period	86,914,487	-	-	5,221,308	-	-	-
		Previous period	72,378,228	-	-	8,457,987	-	-	-
Palli Properties Pte. Ltd	Other related party	Current period	13,863,390	-	-	-	-	-	-
		Previous period	14,369,057	-	-	-	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Current period	4,053,324	-	-	-	-	-	-
		Previous period	4,428,226	-	-	-	-	-	-
Green Planet Communications	Other related party	Current period	8,908,893	-	-	699,370	-	-	-
		Previous period	4,607,659	-	-	-	-	-	-
Global Business Associates Ltd.	Other related party	Current period	551,102	-	-	156,211	-	-	-
		Previous period	-	-	-	-	-	-	-
Mohammed Trading	Other related party	Current period	-	2,243,655,019	379,808,079	-	-	-	-
		Previous period	-	1,702,502,739	372,777,901	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Current period	-	-	-	35,217,294	35,217,294	-	-
		Previous period	-	-	-	27,845,288	27,845,288	-	-
Imtiaz Hussain	Key Management Personnel	Current period	-	-	-	-	8,021,148	-	-
		Previous period	-	-	-	680,520	8,227,200	-	-

31.2 Events after the reporting period

No events, adjusting or non-adjusting, occurred after the date of statement of financial position which require adjustments or disclosures.

31.3 Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 35,217,294.

During the period, Board meeting fees of Taka 250,000 was paid to the board members for attending the Board meetings.

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32 Segment reporting

The company has three reportable segments which offer different products and services and are managed Decarately because they require different technology and marketing strategies. The following summary describes the operations of each segment:

Ceramics & Sanitary Ware: Engages in manufacturing and marketing of ceramics tiles, bathroom sets and all types of sanitary ware.

Power: Set-up power utilities and operate power-generating plants, transmission system and distribution system and to sell the generated electric power to any legal entity.

Security and services : Engages in providing security guard, cleaning services, termite and pest control services and set up manpower technical training.

30 Sep 2017	Business Segments				
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	Entity total
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	4,980,524,707	2,740,415	58,271,163	-	5,041,536,285
Revenue - inter segment	-	283,669,366	80,257,484	(363,926,850)	-
Total segment revenue	4,980,524,707	286,409,781	138,528,647	(363,926,850)	5,041,536,285
Cost of sales- external customer	(2,654,030,064)	(180,777,611)	(114,727,047)	-	(2,949,534,721)
Cost of sales- inter segment	(366,948,761)	(1,473,706)	-	368,422,467	-
Total segment cost of sales	(3,020,978,824)	(182,251,317)	(114,727,047)	368,422,467	(2,949,534,721)
Gross profit	1,959,545,882	104,158,464	23,801,600	-	2,092,001,564
Other income	-	142,877			142,877
Dividend income	83,979,600	20,000	200	(83,999,600)	200
Rental income	14,628,619	-	-	(4,495,617)	10,133,002
Financial income	7,022,674	1,583,984	28,571	-	8,635,228
Financial expenses	(76,846,186)	(1,228,583)	(7,780)	-	(78,082,549)
Depreciation	(308,202,798)	(13,596,204)	(284,932)	-	(322,083,934)
Other operating expenses	(641,269,549)	6,048,550	(12,849,367)	-	(648,070,366)
Segment profit before tax	1,038,858,242	97,129,088	10,688,292	-	1,062,676,023
Income tax expense	(233,036,364)	(31,715,731)	(3,841,229)	-	(268,593,324)
Deferred tax	(38,315,365)	1,244,520	-	-	(37,070,845)
Non -Controlling interest	-	325	0.33	-	325
Profit for the period					757,011,529

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30 Sep 2016

	Business Segments				
	Ceramic & sanitary ware	Power	Security and services	Inter segment	Entity total
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	3,900,313,622	23,561,815	41,577,475	-	3,965,452,912
Revenue - inter segment	-	256,187,364	70,881,714	(327,069,078)	-
Total segment revenue	3,900,313,622	279,749,179	112,459,189	(327,069,078)	3,965,452,912
Cost of sales- external customer	(2,069,838,702)	(162,518,809)	(89,539,324)	-	(2,321,896,836)
Cost of sales- inter segment	(329,753,506)	(1,424,268)	-	331,177,774	-
Total segment cost of sales	(2,399,592,208)	(163,943,077)	(89,539,324)	331,177,774	(2,321,896,836)
Gross profit	1,500,721,414	115,806,102	22,919,865	-	1,643,556,076
Other income	-	15,317	-		15,317
Dividend income	103,489,500	10,000	250	(103,499,500)	250
Rental income	5,908,696	-	-	(4,108,696)	1,800,000
Financial income	15,045,722	1,452,433	25,200	-	16,523,355
Financial expenses	(29,526,399)	(240,055)	(5,980)	-	(29,772,434)
Depreciation	(259,865,852)	(13,529,695)	(273,512)	-	(273,669,059)
Other operating expenses	(503,663,874)	6,279,291	(13,649,443)	-	(511,034,026)
Segment profit before tax	832,109,207	109,793,393	9,016,380	-	847,419,478
Income tax expense	(167,749,185)	(34,987,137)	(3,155,733)	-	(205,892,055)
Deferred tax	(40,098,875)	446,909		-	(39,651,966)
Non -Controlling interest	-	367	0.29	-	367
Profit for the period					601,875,092

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		30 Sep 2017 Taka	30 Sep 2016 Taka
33	**Earnings per share (EPS)**		
	Calculation of earnings per share (EPS) is as under:		
	Earnings attributable to the ordinary shareholders		
	Profit attributable to equity holders of the Company	757,011,529	601,875,092
	No. of ordinary equity shares	353,693,141	353,693,141
	Weighted average no. of equity shares outstanding (Note 33.1)	353,693,141	353,693,141
	Earnings per share (EPS) for the period	2.14	1.70

33.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the period presented as the comparative figures.

	30 Sep 2017	30 Sep 2016
Outstanding shares	336,850,611	336,850,611
Effect of issue of bonus shares for the year 2016	16,842,531	16,842,531
	353,693,141	353,693,141

33.2 Diluted earning per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during these periods.

34 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 419,753,044 (30 Sep 2016: Tk 541,950,341). Considering the merits of the cases, it has not been deemed necessary to make provisions for all such disputed claims.

There is also contingent liability in respect of outstanding letters of credit of Tk 312,412,871 (30 Sep 2016: Tk 286,589,464) and letter of guarantee of Tk 74,678,713 (30 Sep 2016: Tk 38,625,334).

35 Other disclosures

35.1 Changes in policy

Company defined assets under operating lease as investment property effective from 01 January 2017.