RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 31 March 2018

AMAR STOCK

RAK Ceramics (Bangladesh) Ltd.

Consolidated statement of financial position

as at 31 March 2018

	Notes	31 Mar 2018 Taka	31 Dec 2017 Taka
Assets			
Property, plant and equipment	4	3,351,252,032	3,394,940,284
Investment property	5	699,084,921	701,681,877
Intangible assets	6	15,078,230	5,429,027
Capital work-in-progress	7	50,423,235	41,415,719
Total non-current assets		4,115,838,418	4,143,466,907
Inventories	8	2,888,670,552	2,533,703,266
Trade and other receivables	9	803,304,415	590,423,877
Advances, deposits and prepayments	10	403,933,532	309,772,083
Advance income tax	11	2,899,334,707	2,831,624,003
Cash and cash equivalents	12	1,208,220,470	1,382,359,206
Total current assets		8,203,463,676	7,647,882,435
Total assets		12,319,302,094	11,791,349,342
Equity			
Share capital	13	3,536,931,410	3,536,931,410
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,686,645,606	1,445,455,970
Equity attributable to equity holders of the company		6,697,224,995	6,456,035,359
Non-controlling interests		1,645	1,524
Total equity		6,697,226,640	6,456,036,883
Liabilities			
Borrowings	16	291,811,994	359,163,292
Deferred tax liability	14	182,797,583	178,813,760
Total non-current liabilities		474,609,577	537,977,052
Employees benefits payable	15	14,524,369	-
Borrowings	16	663,409,838	548,162,038
Trade and other payables	17	663,176,440	573,706,416
Accrued expenses	18	497,373,950	447,661,843
Provision for income tax	19	3,308,981,280	3,227,805,110
Total current liabilities		5,147,465,877	4,797,335,407
Total liabilities		5,622,075,454	5,335,312,459
Total equity and liabilities		12,319,302,094	11,791,349,342

The accompanying notes are an integral part of these financial statements

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

Dated, 18 April 2018

RAK Ceramics (Bangladesh) Ltd.

Consolidated profit or loss and other comprehensive income
for the period ended 31 March 2018

	Notes	31 Mar 2018 Taka	31 Mar 2017 Taka
Sales	20	1,708,616,163	1,541,052,399
Cost of sales	21	(1,084,241,868)	(899,212,027)
Gross profit		624,374,295	641,840,372
Other income	22	2,115,000	812,031
Administrative expenses	23	(87,048,345)	(95,757,712)
Marketing and selling expenses	24	(199,342,258)	(180,551,038)
		(284,275,603)	(275,496,719)
Profit from operating activities		340,098,692	366,343,653
Finance income	25	14,339,216	5,709,884
Finance expenses	26	(13,667,118)	(44,874,646)
Net finance income		672,098	(39,164,762)
Profit before contribution to worker's profit participation and welfare fund		340,770,790	327,178,891
Contribution to worker's profit participation and welfare fund	27	(14,421,040)	(17,602,781)
Profit before income tax		326,349,750	309,576,110
Income tax expense			
Current tax	28	(81,176,170)	(93,261,925)
Deferred tax	14	(3,983,823)	(16,102,802)
		(85,159,993)	(109,364,727)
Profit for the period		241,189,757	200,211,383
Other comprehensive income		-	-
Total comprehensive income for the period		241,189,757	200,211,383
Profit attributable to:			
Equity holders of the company		241,189,636	200,211,260
Non-controlling interests		121	123
Profit after tax for the period		241,189,757	200,211,383
Basic earnings per share (Par value TK 10)	32	**0.68**	**0.57**

The accompanying notes are an integral part of these financial statements

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

Dated, 18 April 2018

RAK Ceramics (Bangladesh) Ltd.

Consolidated statement of changes in equity

for the period ended 31 March 2018

	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 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	-	-	200,211,260	200,211,260	123	200,211,383
Transactions with the shareholders						
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 31 March 2017	3,536,931,410	1,473,647,979	627,655,531	5,638,234,920	1,224	5,638,236,144
Balance as at 01 January 2018	3,536,931,410	1,473,647,979	1,445,455,970	6,456,035,359	1,524	6,456,036,883
Total comprehensive income for 2018						
Profit/(loss) for the period	-	-	241,189,636	241,189,636	121	241,189,757
Balance as at 31 March 2018	3,536,931,410	1,473,647,979	1,686,645,606	6,697,224,995	1,645	6,697,226,640

The accompanying notes 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 31 March 2018

	31 Mar 2018 Taka	31 Mar 2017 Taka
Cash flows from operating activities		
Cash receipts from customers	1,404,697,077	1,529,304,835
Cash payments to suppliers and employees	(1,484,607,748)	(1,104,215,481)
Cash generated from operating activities	(79,910,671)	425,089,354
Interest received from bank deposit	1,442,086	949,318
Income tax paid	(67,710,704)	(69,950,413)
Net cash (used in)/from operating activities	(146,179,289)	356,088,259
Cash flows from investing activities		
Acquisition of property, plant and equipment	(65,624,007)	(117,265,204)
Disposal proceeds of associate	-	37,012,500
Interest received from FDR	8,919,232	5,227,548
Income from rental	2,970,000	610,000
Intangible assets	(10,628,823)	(430,000)
Net cash (used in)/from investing activities	(64,363,598)	(74,845,156)
Cash flows from financing activities		
Finance charges	(11,477,774)	(13,563,898)
Avail/(repayment) of term loan	(67,351,298)	(54,134,835)
Avail/(repayment) of short-term loan	115,247,800	(46,243,494)
Dividend paid	(14,577)	(315,862)
Adjustment related with non-controlling interest	-	(400)
Net cash (used in)/from financing activities	36,404,151	(114,258,489)
Net increase/(decrease) in cash and cash equivalents	(174,138,736)	166,984,614
Cash and cash equivalents as at 01 January	1,382,359,206	802,643,479
Cash and cash equivalents as at 31 March (Note 12)	1,208,220,470	969,628,093

The accompanying notes 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 31 March 2018

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 31 March 2018. The Company has gone into operation from 1 May 2009. The registered office of the Company is at RAK Tower (8th floor), Jashimuddin Avenue, Plot # 1/A, Sectoe # 03, Uttara Model Town, 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 100,000,000 divided into 1,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 1,000,000 as at 31 March 2018. The Company has gone into operation from 1 May 2007. The registered office of the Company is at RAK Tower (8th floor), Plot # 1/A, Jasimuddin Avenue, Sector # 03, Uttara Model Town, 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 International Financial Reporting Standards (IFRS), the Companies Act 1994 and the Securities and Exchange Rules 1987.

The title and format of these financial statements follow the requirements of IFRS 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 IFRS 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 18 April 2018.

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 IFRS 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 14	Deferred tax liability
Note 15	Employees benefit payable
Note 19	Provision for income tax

2.5 Reporting period

The financial period of the Company covers three months from 1 January to 31 March 2018 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.

IFRS-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.

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) 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.

b) 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.

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.

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 Standards, amendmends and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 with earlier application permitted. The Group does not plan to adopt these standards early. The new standards which may be relevant to the GROUP are set out below.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. This standard replaces IAS 39 Financial Instruments: *Recognition and Measurement*. The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

i. Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs which result from possible default events within the 12 months after the reporting date; and
- 12-Lifetime ECLs: these are ECLs which result from all possible default events over the expected life of a financial instrument.

ii. Impairment

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the Group has a choice to also apply this policy for trade receivables and contract assets with a significant financing component.

The estimated ECL will be calculated based on actual credit loss experience. The Group will perform the calculation of ECL rates separately for different types of customers including related parties.

Actual credit losses will be adjusted to reflect differences between economic conditions during the period over which the historical data will be collected, prevalent conditions and the Group's view of economic conditions over the expected lives of the receivables and related party balances.

ii. Hedging

IFRS 9 incorporates new hedge accounting rules which intend to align hedge accounting with a Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. In accordance with IFRS 9, the Group has an accounting policy choice to defer the adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting.

The Group will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in equity as at 1 January 2018.

3.14.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

i. Sales of goods

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

Revenue will be recognised for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Based on the Group's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the Group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

i. Rendering of services

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

Based on the Group's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the Group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services.

i. Construction contracts

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.

Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

The Group does not expect the application of IFRS 9 and IFRS 15 to have a significant impact on its consolidated financial statements. The actual impacts of adopting these standards at 1 January 2018 may change because:

these standards will require the Group to revise its accounting policies and internal controls and these changes are not yet complete;

the Group is also refining and finalizing its model for expected credit loss calculations; and

the new accounting policies, assumptions, judgement and estimation techniques employed are subject to change

until the Group finalizes its first consolidated financial statements that includes the date of initial application.

3.14.2 IFRS 16 Leases

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 *Leases*. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for a lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

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 International Accounting Standard (IAS)-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 International Accounting Standard (IAS) 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 IFRS-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 International Accounting Standard (IAS)-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 2017 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

31 Mar 2018

Amounts in Taka

Particulars	COST				DEPRECIATION					Net book value as at 31 Mar 2018
	Balance as at 01 Jan 2018	Addition during the period	Sale/ disposal during the period	Balance as at 31 Mar 2018	Rate (%)	Balance as at 01 Jan 2018	Charged during the period	Adjustment during the period	Balance as at 31 Mar 2018	
Land	336,575,507	-	-	336,575,507		-	-	-	-	336,575,507
Factory building	932,964,883	6,259,040	-	939,223,921	2.5-5	333,451,642	11,283,379	-	344,735,020	594,488,901
Office building	203,113,529	138,808	-	203,252,337	2.5-5	101,236,417	2,519,867	-	103,756,284	99,496,053
Plant and machinery	5,268,607,207	46,148,334	-	5,314,755,540	5-10	3,149,903,876	73,458,683	-	3,223,362,558	2,091,392,983
Mobile plant	122,434,617	1,425,735	-	123,860,352	10	90,904,362	2,069,412	-	92,973,774	30,886,578
Electrical installation	241,464,647	-	-	241,464,647	10-20	183,208,804	2,451,046	-	185,659,850	55,804,797
Gas pipeline	77,047,294	-	-	77,047,294	10-20	48,717,653	890,587	-	49,608,240	27,439,054
Furniture and fixtures	37,026,750	1,246,263	-	38,273,013	10	25,855,408	475,224	-	26,330,632	11,942,381
Office equipment	110,835,457	391,661	-	111,227,117	10-20	55,298,970	4,669,055	-	59,968,025	51,259,093
Communication equipment	12,231,404	382,952	-	12,614,356	10-20	6,853,414	376,183	-	7,229,596	5,384,760
Tools and appliances	17,669,297	441,000	-	18,110,297	10-20	8,355,786	468,714	-	8,824,500	9,285,797
Vehicles	83,352,902	182,700	-	83,535,602	10-20	44,596,878	1,642,596	-	46,239,475	37,296,128
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	7,446,954,506	56,616,492	-	7,503,570,996		4,052,014,222	100,304,745	-	4,152,318,964	3,351,252,032

31 Dec 2017

Amounts in Taka

Particulars	COST				DEPRECIATION					Net book value as at 31 Dec 2017
	Balance as at 01 Jan 2017	Addition during the year	Sale/ disposal during the year	Balance as at 31 Dec 2017	Rate (%)	Balance as at 01 Jan 2017	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2017	
Land	289,585,607	46,989,900	-	336,575,507		-	-	-	-	336,575,507
Factory building	885,686,619	47,278,264	-	932,964,883	2.5-5	289,021,867	44,429,775	-	333,451,642	599,513,241
Office building	197,676,689	5,436,840	-	203,113,529	2.5-20	91,183,718	10,052,699	-	101,236,417	101,877,112
Plant and machinery	5,096,325,210	172,281,997	-	5,268,607,207	5-10	2,840,758,215	309,145,661	-	3,149,903,876	2,118,703,330
Mobile plant	116,307,779	6,126,838	-	122,434,617	10	82,873,815	8,030,547	-	90,904,362	31,530,255
Electrical installation	241,464,647	-	-	241,464,647	10-20	169,959,558	13,249,246	-	183,208,804	58,255,843
Gas pipeline	69,647,294	7,400,000	-	77,047,294	10-20	45,539,497	3,178,156	-	48,717,653	28,329,641
Furniture and fixtures	33,527,954	3,498,796	-	37,026,750	10	24,181,501	1,673,907	-	25,855,408	11,171,342
Office equipment	99,182,629	11,652,828	-	110,835,457	10-20	37,114,917	18,184,053	-	55,298,970	55,536,487
Communication equipment	11,261,333	970,071	-	12,231,404	10-20	5,370,410	1,483,004	-	6,853,414	5,377,990
Tools and appliances	17,069,869	599,428	-	17,669,297	10-20	6,619,913	1,735,873	-	8,355,786	9,313,511
Vehicles	73,519,704	9,833,198	-	83,352,902	10-20	37,856,665	6,740,213	-	44,596,878	38,756,024
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	7,134,886,346	312,068,160	-	7,446,954,506		3,634,111,088	417,903,134	-	4,052,014,222	3,394,940,284

5 Investment Property

31 Mar 2018

Particulars	COST				Rate	DEPRECIATION				Net book value as at 31 Mar 2018
	Balance as at 01 Jan 2018	Addition during the period	Sale/disposal during the period	Balance as at 31 Mar 2018		Balance as at 01 Jan 2018	Charged during the period	Adjustment during the period	Balance as at 31 Mar 2018	
Land[1]	500,571,750	-	-	500,571,750		-	-	-	-	500,571,750
Office building[2]	210,636,382	-	-	210,636,382	5%	9,526,255	2,596,956	-	12,123,211	198,513,171
Total	**711,208,132**	-	-	**711,208,132**		**9,526,255**	**2,596,956**	-	**12,123,211**	**699,084,921**

31 Dec 2017

Particulars	COST				Rate	DEPRECIATION				Net book value as at 31 Dec 2017
	Balance as at 01 Jan 2017	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2017		Balance as at 01 Jan 2017	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2017	
Land[1]	500,571,750	-	-	500,571,750		-	-	-	-	500,571,750
Office building[2]	4,432,737	206,203,645	-	210,636,382	5%	660,732	8,865,523	-	9,526,255	201,110,127
Total	**505,004,487**	**206,203,645**	-	**711,208,132**		**660,732**	**8,865,523**	-	**9,526,255**	**701,681,877**

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 IAS 40.

The said property are stated at cost as per IAS 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. (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 IAS 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.

	31 Mar 2018 Taka	31 Mar 2017 Taka
4.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 21)	90,621,499	103,907,583
Administrative expenses (Note 4.2)	11,780,258	9,283,919
Marketing & selling expenses (Note 24)	499,944	499,944
	102,901,701	113,691,446
4.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 23)	9,183,302	8,353,540
Depreciation on investment property (Note 23)	2,596,956	930,379
	11,780,258	9,283,919

AMAR STOCK

		31 Mar 2018 Taka	31 Dec 2017 Taka
6	**Intangible assets**		
	Balance as at 1 January	5,429,027	6,740,159
	Add: Addition during the period	10,628,823	6,925,458
		16,057,850	13,665,617
	Less: Amortisation during the period (Note-6.1)	979,620	5,587,852
	Less: Adjustment during the period	-	2,648,738
	Balance as at 31 March	**15,078,230**	**5,429,027**
6.1	Amortisation charged on the basis of the purpose of use		
	Administrative expenses (Note - 23)	979,620	5,587,852
		979,620	**5,587,852**
7	**Capital Work-in-Progress**		
	Balance as at 1 January	41,415,720	28,726,284
	Add: Addition during the period	63,406,159	444,202,680
		104,821,879	472,928,964
	Less: Transfer to property, plant & equipment and IP during the period (note 7.1)	54,398,644	431,513,245
	Impairment loss on capital equipment during the period	-	-
	Balance as at 31 March	**50,423,235**	**41,415,719**
7.1	**Items transferred from capital work in progress to property, plant & equipment**		
	Office building	-	207,433,930
	Factory building	6,311,108	53,235,483
	Plant & machinery	5,688,421	170,125,817
	Others	42,399,115	718,015
		54,398,644	**431,513,245**
8	**Inventories**		
	Raw materials	882,456,632	655,088,511
	Stores and consumables spares	1,113,212,311	1,098,231,281
	Finished goods	568,606,333	502,342,028
	Work-in-process	127,741,233	108,183,210
	Goods-in-transit	196,654,043	169,858,236
		2,888,670,552	**2,533,703,266**

		31 Mar 2018 Taka	31 Dec 2017 Taka
9	**Trade and other receivables**		
	Trade receivables (Note 9.1)	723,734,974	513,977,334
		723,734,974	513,977,334
	Accrued interest (Note 9.2)	8,755,952	4,778,054
	Accrued rental income	1,215,000	2,070,000
	Receivable against disposal of investment	69,598,489	69,598,489
		803,304,415	**590,423,877**
9.1	**Trade receivables**		
	Receivables from local sales	723,734,974	512,343,198
	Receivables from export sales	-	1,634,136
		723,734,974	**513,977,334**
9.2	**Accrued interest**		
	Interest accrued on FDR	8,755,952	4,778,054
		8,755,952	**4,778,054**
10	**Advance, deposit and prepayments**		
	Advances:		
	Employees	264,500	12,506
	Land advance & others	4,802,490	1,942,829
	Suppliers against material & services	148,584,964	91,510,409
		153,651,954	93,465,744
	Security and other deposits:		
	Titas gas	41,352,750	39,694,150
	Mymenshing Palli Bidyut Samity-2	1,955,000	1,955,000
	VAT and supplementary duty (note 10.1)	85,901,131	43,078,066
	Deposit with income tax authority	36,685,655	36,685,655
	Deposit with VAT authority	6,726,946	6,726,946
	Other deposits	1,499,853	1,499,853
		174,121,335	129,639,670
	Prepayments:		
	Showroom rent	15,226,376	15,638,195
	Insurance and others	60,933,867	71,028,474
		76,160,243	86,666,669
		403,933,532	**309,772,083**

		31 Mar 2018 Taka	31 Dec 2017 Taka
10.1	**Supplementary duty & VAT**		
	Balance as at 1 January	43,078,067	36,231,093
	Add: Treasury deposit for SD & VAT purpose	352,455,462	1,513,000,000
	Rebate of input VAT	144,837,218	346,947,267
		540,370,748	1,896,178,360
	Less: SD & VAT on sales	454,469,615	1,843,007,696
	Payable- SD & VAT	-	10,092,597
		454,469,615	1,853,100,292
	Balance as at 31 March	**85,901,131**	**43,078,066**
11	**Advance Income Tax**		
	Balance as at 1 January	2,831,624,004	2,485,841,759
	Add: Paid during the period	67,710,703	350,708,934
	Less: Adjusted during the period	-	4,926,690
	Balance as at 31 March (11.1)	**2,899,334,707**	**2,831,624,003**
11.1	**Payment for the period**		
	Income year		
	Current period	46,210,703	-
	Year 2017	307,114,513	285,614,513
	Year 2016	291,375,845	291,375,845
	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	334,263,453
	Year 2011	328,701,317	328,701,317
	Year 2010	265,532,626	265,532,626
	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
		2,899,334,707	**2,831,624,003**

AMAR STOCK

		31 Mar 2018 Taka	31 Dec 2017 Taka
12	**Cash and cash equivalents**		
	Cash in hand	3,371,146	5,631,704
	Cash at banks		
	HSBC (current account -001-013432-011,001-107580-011,001-096015-011, 001-096007-011 - BDT)	20,348,529	25,409,026
	Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	32,735,501	117,911,774
	Brac Bank Ltd. (current account - 1530301731248001 - BDT)	4,493,837	57,502,367
	Citibank N.A. (current account - G0100001200262018 - BDT)	167,490	172,812
	Dutch Bangla Bank Ltd. (current account - 117-110-12733,117-110-4311, 117.110.23474 -BDT)	1,567,976	1,628,157
	HSBC (ERQ account - 001-013432-047 - USD)	9,003,685	9,438,932
	Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	898,050	975,788
	Standard Chartered Bank (Margin money account)	3,625,939	306,739
	United Commercial Bank (SND account - 0831301000000164 BDT)	23,523,252	33,572,214
	Eastern Bank Ltd. (SND account - 1131350237146 - BDT)	58,927,930	35,308,039
	EXIM Bank (SND account - 01513100031877 - BDT)	480,453	114,761
	Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	54,052	454,397
	Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	101,168,348	261,903,047
	BRAC Bank (SND - 1513101731248001 - BDT)	358,205	358,355
	Prime Bank Ltd. (SND - 12531010022563 - BDT)	3,982,709	53,513,417
	Dhaka Bank Ltd (SND - 102.150.274- BDT))	6,519,750	52,825,646
	Commercial Bank of Ceylon (CD-2817000776 - BDT.)	25,000	23,529
	Dhaka Bank Ltd (CD - 20410000019318- BDT))	797,024	8,470
	Commercial Bank of Ceylon (SND-2817000777 - BDT.)	28,407,154	39,297,802
	Megna Bank Ltd. (SND 1112-13500000004 - BDT)	19,941,752	43,154,459
		317,026,635	733,879,731
	IPO bank account		
	Citibank N.A. (RAK-IPO Central Account - G0100001200262022 - BDT)	2,456,889	2,454,389
	Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,919,501
	Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,608
	Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,594	126,594
		6,656,592	6,654,092
	Dividend bank account		
	BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,615,931	2,618,431
	BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,201,662	2,204,459
	SCB (Current - 02-6162940-02- BDT) - 2012	3,834,150	3,837,331
	SCB (Current - 02-6162940-03- BDT) - 2013	16,721,457	16,734,192
	SCB (Current - 02-6162940-04- BDT) - 2014	4,974,466	4,977,932
	SCB (Current - 02-6162940-05- BDT) - 2015	3,843,560	3,847,536
	SCB (Current - 02-6162940-06- BDT) - 2016	4,346,202	4,383,884
		38,537,428	38,603,765
	Investment in Fixed Deposit Receipt (FDR)		
	HSBC	11,866,589	16,827,834
	SCB	762,080	762,080
	Brac Bank Ltd.	250,000,000	150,000,000
	Dutch Bangla Bank Ltd.	25,000,000	25,000,000
	Eastern Bank Ltd.	300,000,000	300,000,000
	Dhaka Bank Ltd.	250,000,000	100,000,000
	Megna Bank Ltd.	5,000,000	5,000,000
		842,628,669	597,589,914
	Total	1,208,220,470	1,382,359,206

	31 Mar 2018	31 Dec 2017
	Taka	Taka

13 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**	**3,536,931,410**

Percentage of shareholdings :

	2018		2017	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,409,805,220	68.13	2,409,805,220
S.A.K. Ekramuzzaman	3.92	138,725,830	3.92	138,725,830
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	290	0.00	290
Sheikh Omer Bin Saqr Al Qassimi	0.00	290	0.00	290
Sheikh Ahmad Bin Humaid al Qassimi	0.00	290	0.00	290
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	27.95	988,398,930
	100.00	**3,536,931,410**	**100.00**	**3,536,931,410**

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2018	2017	2018	2017
Less than 500 shares	23,584	24,431	4,952,476	5,260,532
501 to 5,000 shares	9,231	8,673	14,297,447	13,964,830
5001 to 10,000 shares	933	916	6,787,252	6,687,868
10,001 to 20,000 shares	458	475	6,358,993	6,676,203
20,001 to 30,000 shares	149	134	3,732,791	3,318,356
30,001 to 40,000 shares	62	72	2,192,567	2,550,406
40,001 to 50,000 shares	42	42	1,907,113	1,903,394
50,001 to 100,000 shares	93	84	6,510,620	5,708,527
100,001 to 1,000,000 shares	82	89	22,605,739	23,843,323
Over 1,000,000 shares	11	10	284,348,143	283,779,702
	34,645	**34,926**	**353,693,141**	**353,693,141**

AMARSTOCK

		31 Mar 2018 Taka	31 Dec 2017 Taka
14	**Deferred tax liabilities**		
	Balance as at 1 January	178,813,760	128,416,223
	Less : Deferred tax (income)/expenses	3,983,823	50,397,537
	Balance as at 31 March	182,797,583	178,813,760
15	**Employees benefits payable**		
	Provident fund	6,593,691	-
	Gratuity fund	7,930,678	-
		14,524,369	-

	2018		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	15,058,358	8,028,496	23,086,854
	15,058,358	8,028,496	23,086,854
Less: Payments made to fund during the period	8,464,668	97,819	8,562,486
Balance as at 31 March	6,593,691	7,930,678	14,524,369

	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 year	54,249,201	35,231,317	89,480,518
	54,611,909	38,327,392	92,939,301
Less: Payments made to fund during the year	54,611,909	38,327,392	92,939,301
Balance as at 31 December	-	-	-

16	**Borrowings**		
	Non-current:		
	Term loan	566,397,425	632,827,493
	Current portion of term loan	(274,585,431)	(273,664,201)
		291,811,994	359,163,292
	Current:		
	Bank overdrafts	-	18,244,255
	Short-term borrowings	388,824,407	256,253,582
	Current portion of term loan	274,585,431	273,664,201
		663,409,838	548,162,038
	Balance as at 31 March	955,221,832	907,325,330

16.1 **Borrowings by maturity**

At 31 March 2018	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	-			-
Short-term borrowings	388,824,407	-	-	388,824,407
Term loan	274,585,431	262,258,048	29,553,946	566,397,425
	663,409,838	262,258,048	29,553,946	955,221,832

At 31 December 2017	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	18,244,255	-	-	18,244,255
Short-term borrowings	256,253,582	-	-	256,253,582
Term loan	273,664,201	271,747,942	87,415,349	632,827,493
	548,162,038	271,747,942	87,415,349	907,325,330

16.2 **Facilities details**

Bank	Nature 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 pari - passu basis with other lenders. 3) Hypothecation over stock & book debts on a pari - 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	208,984,627	180/360 days from B/L date			
HSBC	Overdraft	30,000,000		Revolving	From company's own source		
	Short term loan	550,000,000	173,270,001	180/360 days from B/L date			
	Long term loan	1,366,872,000	566,397,425	5 years			
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	125,000,000	-	180/360 days from B/L date			
Commercial Bank of Ceylon	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	300,000,000	6,569,780	180/360 days from B/L date			

		31 Mar 2018 Taka	31 Dec 2017 Taka
17	**Trade and other payables**		
	Trade payables		
	Payable to local suppliers	63,351,265	111,055,661
	Payable to foreign suppliers	360,046,436	300,313,790
	Payable to service provider	14,910,727	19,727,182
	Payable to C & F agent	21,481,319	9,810,933
		459,789,747	440,907,566
	Other payables		
	Tax deducted at source	14,782,437	23,849,402
	VAT deducted at source	5,708,041	10,889,659
	Dividend Payable	37,839,688	37,854,265
	Unclaimed share application	20,838,116	20,838,116
	Advance from customer against sales	7,472,130	22,186,510
	Security deposit payable	1,618,482	1,624,862
	Payable to employee for trade	608,286	326,468
	Provisional liabilities - material & services	114,519,513	15,229,568
		203,386,693	132,798,850
		663,176,440	573,706,416

		31 Mar 2018 Taka	31 Dec 2017 Taka
18	**Accrued expenses**		
	Power and gas	39,757,286	40,240,928
	Staff cost	88,133,912	86,556,724
	Audit fees	537,688	1,532,250
	Professional charges	467,957	455,840
	Interest on loans	8,747,427	9,561,366
	Telephone	247,024	228,743
	Provision for freight	1,456,972	-
	Managing Director's remuneration (Note 18.1)	55,502,643	45,725,177
	Worker's profit participation and welfare fund (Note 18.2)	81,862,304	67,441,264
	Royalty and technical know-how fees (Note 18.3)	214,926,083	191,852,419
	Others	5,734,654	4,067,132
		497,373,950	447,661,843
18.1	**Managing Director's remuneration**		
	Balance as at 1 January	45,725,178	40,911,795
	Add: Provision made during the period	9,777,465	45,725,177
		55,502,643	86,636,972
	Less: Paid to Managing Director during the period	-	40,911,795
	Balance as at 31 March	55,502,643	45,725,177
18.2	**Worker's profit participation and welfare fund**		
	Balance as at 1 January	67,441,264	61,056,166
	Add: Contribution made to the fund during the period	14,421,040	67,441,264
		81,862,304	128,497,430
	Less: Payment made from the fund during the period	-	61,056,166
	Balance as at 31 March	81,862,304	67,441,264
18.3	**Provision for royalty and technical know-how fees**		
	Balance as at 1 January	191,852,419	83,946,396
	Add: Provision made during the period	23,073,664	107,906,023
	Balance as at 31 March	214,926,083	191,852,419
19	**Provision for income Tax**		
	Balance as at 1 January	3,227,805,110	2,886,541,590
	Add: Provision made for the period	81,176,170	346,190,210
		3,308,981,280	3,232,731,800
	Less: Provision release during the period	-	4,926,690
	Balance as at 31 March (Note 19.1)	3,308,981,280	3,227,805,110
19.1	**Provision for income Tax**		
	Income year		
	Current period	81,176,170	-
	Year 2017	346,089,883	346,089,883
	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	339,211,366
	Year 2011	326,685,215	326,685,215
	Year 2010	348,965,691	348,965,691
	Year 2009	266,823,984	266,823,984
	Year 2008	147,117,914	147,117,914
	Year 2007	80,163,573	80,163,573
		3,308,981,280	3,227,805,110

		31 Mar 2018 Taka	31 Mar 2017 Taka
20	**Sales**		
	Gross sales from Ceramics product	2,147,030,558	1,927,525,626
	Gross sales from Power generation	98,708,529	96,323,754
	Gross sales from Security service	48,086,844	48,684,196
		2,293,825,931	2,072,533,576
	Less: Elimination	124,467,946	117,170,747
	Supplementary Duty	170,561,644	152,630,003
	VAT	290,180,178	261,680,427
	Net sales	**1,708,616,163**	**1,541,052,399**
21	**Cost of sales**		
	Materials consumed:		
	Opening stock as at 1 January	655,088,511	831,012,396
	Add. Purchase during the period	860,633,994	555,469,321
		1,515,722,505	1,386,481,717
	Less: Closing stock as at 31 March	882,456,632	874,339,528
		633,265,873	512,142,189
	Manufacturing overhead:		
	Direct labour (Note 21.1.1)	142,524,450	126,181,383
	Direct expenses:		
	Power and gas	59,815,941	49,174,024
	Repairs and indirect materials (Note 21.1.2)	203,469,336	195,753,977
	Rental charges	247,257	222,715
	Moulds and punches	6,407,130	5,181,637
	Depreciation	90,621,499	103,907,583
	Royalty and technical know-how/assistance fees (21.1.3)	23,073,664	28,164,450
	Other production overhead (Note 21.1.4)	18,172,348	11,783,285
	Movement in stock	(93,355,630)	(133,299,216)
		1,084,241,868	**899,212,027**
21.1.1	**Direct labour**		
	Salary & wages	83,873,485	72,017,139
	Overtime	9,705,398	9,067,712
	Bonus	11,420,824	10,097,786
	Incentive	35,627	44,632
	Temporary labour wages	25,224,108	19,523,943
	Gratuity	5,655,107	5,935,502
	Employer's contribution to provident fund	5,193,354	4,546,032
	Leave encashment	804,406	4,303,399
	Group life insurance	612,141	645,238
		142,524,450	**126,181,383**
21.1.2	**Repairs and indirect materials**		
	Stores, spares, repair & maintenance	106,303,045	96,830,267
	Packing expenses	97,166,291	98,923,710
		203,469,336	**195,753,977**
21.1.3	**Royalty and technical know-how/assistance fees**		
	Royalty and technical know-how/assistance fees	23,073,664	28,164,450
		23,073,664	**28,164,450**
21.1.4	**Other production overhead**		
	Hotel fare and expenses for technician	1,263,548	2,013,701
	Demurrage	4,053,975	727,282
	Insurance	3,786,437	4,070,472
	Hiring charges and transportation	954,668	2,526,270
	Other expenses	8,113,720	2,445,560
		18,172,348	**11,783,285**

		31 Mar 2018 Taka	31 Mar 2017 Taka
22	**Other income**		
	Miscellaneous income	-	12,031
	Rental income	2,115,000	800,000
		2,115,000	**812,031**
23	**Administrative expenses**		
	Staff cost (note-23.1)	42,588,899	43,850,781
	Annual General Meeting expenses	1,607,685	6,184,570
	Telephone and postage	1,030,355	984,154
	Office repair and maintenance (note 23.2)	2,540,379	2,198,610
	Registration and renewal	162,265	232,258
	Security and guard expenses	3,108,633	3,536,183
	Electricity, gas and water	1,028,778	611,721
	Depreciation on property, plant & equipment (note - 4.2)	9,183,302	8,353,540
	Depreciation on investment property (4.2)	2,596,956	930,379
	Amortisation	979,620	1,307,115
	Legal and professional fees	1,686,008	1,494,489
	Vehicle repair and maintenance	2,185,217	2,370,855
	Rent, rate and tax	2,136,756	1,961,556
	CSR expenses	12,500	5,162,500
	Managing Director's remuneration (note-23.3)	9,777,465	11,934,686
	Technical consultancy & others	6,423,527	4,644,315
		87,048,345	**95,757,712**
23.1	**Staff cost**		
	Salary & wages	31,579,457	29,032,811
	Bonus	4,232,431	3,814,114
	Incentive	259,849	33,225
	Gratuity	1,828,723	2,055,797
	Employer's contribution to provident fund	1,799,792	1,641,605
	Leave encashment	282,319	2,514,029
	Group life insurance	202,961	221,242
	Canteen and conveyance expenses	1,245,215	1,952,649
	Staff uniform expenses	171,957	946,144
	Travelling expenses	732,909	1,197,373
	Medical expenses	200,546	328,638
	Other employee benefit	52,740	113,154
		42,588,899	**43,850,781**
23.2	**Office repair & maintenance**		
	Repairs office equipment	48,611	77,751
	Office maintenance	2,491,768	2,120,859
		2,540,379	**2,198,610**
23.3	**Managing Director's remuneration**		
	Provision made during the period	9,777,465	11,934,686
		9,777,465	**11,934,686**

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

		31 Mar 2018 Taka	31 Mar 2017 Taka
24	**Marketing & selling expenses**		
	Staff cost (note-24.1)	13,091,387	8,429,985
	Advertisement	5,122,968	1,295,772
	Freight and transportation	65,529,098	67,937,589
	Performance rebates (note-24.2)	99,187,219	87,488,942
	Business promotion	7,581,913	4,449,633
	Depreciation	499,944	499,944
	Discount	2,428,425	-
	Travel, entertainment and others	5,901,304	10,449,173
		199,342,258	**180,551,038**
24.1	**Staff cost**		
	Salary & wages	8,782,409	6,059,648
	Bonus	1,017,397	807,286
	Incentive	904,993	-
	Gratuity	544,666	449,874
	Employer's contribution to provident fund	536,033	359,126
	Leave Encashment	82,754	300,848
	Group life insurance	50,827	49,077
	Conveyance & food expenses	1,172,308	404,126
		13,091,387	**8,429,985**
24.2	**Performance rebates**		
	Compensation to customer	2,301,048	694,126
	Dealers' commission	31,872,010	35,044,339
	Breakage commission	34,907,020	31,496,950
	Dealers' incentive and bonus	30,107,141	20,253,527
		99,187,219	**87,488,942**
25	**Finance income**		
	Interest on bank account (SND)	1,442,086	949,318
	Interest on FDR	12,897,130	4,760,566
		14,339,216	**5,709,884**
26	**Financial expenses**		
	Interest expenses	10,063,694	12,852,832
	Foreign exchange loss	3,003,283	31,310,748
	Bank charges	600,141	711,066
		13,667,118	**44,874,646**
27	**Contribution to worker's profit participation and welfare fund**		
	Provision made during the period	14,421,040	17,602,781
		14,421,040	**17,602,781**
28	**Current tax**		
	Current period	81,176,170	93,261,925
		81,176,170	**93,261,925**

29 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

29.1 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 31 Mar 2018	As at 31 Dec 2017	As at 31 Mar 2018	As at 31 Dec 2017
Trade receivables				
Customer-Local	-	-	723,734,974	512,343,198
Customer-Export	-	19,880	-	1,634,136
	-	19,880	723,734,974	513,977,334
Other receivables				
Accrued Interest			8,755,952	4,778,054
Accrued rental income			1,215,000	2,070,000
Receivable against disposal of investment			69,598,489	69,598,489
			79,569,441	76,446,543
Cash equivalents			1,204,829,324	1,326,727,502

b) Ageing of receivables

The ageing of trade receivables as at 31 March was:

	Amounts in Taka	
	As at 31 Mar 2018	As at 31 Dec 2017
Not past due	715,310,900	476,203,022
0-90 days past due	4,364,201	30,428,907
91-180 days past due	4,059,873	7,345,405
181-365 days past due		
	723,734,974	513,977,334

29.2 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 31 March 2018			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	663,176,440	663,176,440	663,176,440	-
Short term borrowing (foreign)	388,824,407	388,824,407	388,824,407	-
Term loan (foreign)	566,397,425	566,397,425	274,585,471	291,811,994
	1,618,398,273	1,618,398,273	1,326,586,279	291,811,994

	As at 31 December 2017			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	18,244,255	18,244,255	18,244,255	-
Trade and other payables	573,706,416	573,706,416	573,706,416	-
Short term borrowing	256,253,582	256,253,582	256,253,582	-
Term loan	632,827,493	632,827,493	273,664,201	359,163,292
	1,481,031,746	1,481,031,746	1,121,868,455	359,163,292

29.3 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 31 March 2018				As at 31 December 2017			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets								
Receivable from customers-Export	-	-	-	-	-	-	19,880	-
Cash at bank	-	-	120,021	-	-	-	126,700	-
	-	-	120,021	-	-	-	146,580	-

	As at 31 March 2018				As at 31 December 2017			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated liabilities								
Trade payables	-	151,653	3,255,951	670,455	6,349	93,585	2,615,356	749,046
Short term borrowings	-	-	3,949,497	566,875	-	-	2,907,638	142,880
Term loan	-	-	6,783,201	-	-	-	7,616,100	-
Royalty & Technical Fees	-	-	2,573,965	-	-	-	2,305,918	-
	-	151,653	16,562,526	1,237,330	6,349	93,585	15,445,011	892,926
Net exposure	-	(151,653)	(16,442,505)	(1,237,330)	(6,349)	(93,585)	(15,398,432)	(892,926)

The Company has foreign exchange loss of Tk 3,005,283 during the period ended 31 Mar 2018 (31 Mar 2017: Exchange loss Tk 31,310,748).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Mar 2018	31 Dec 2017
	Taka	Taka
AED	22.5476	22.4659
GBP	117.2592	111.0252
USD	83.0000	82.7000
EURO	102.3657	104.7878

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the Taka, as indicated below, against the GBP, USD, EURO at 31 Mar would have increased/(decreased) profit or loss by the amounts shown below.

	As at 31 March 2018		As at 31 December 2017	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 March				
AED (5 percent movement)	-	-	(196)	(185)
GBP (5 percent movement)	(4,690)	4,417	(2,894)	2,726
USD (5 percent movement)	(508,331)	478,908	(472,838)	445,294
EURO (3 percent movement)	(38,268)	36,039	(27,307)	25,716

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 company has not 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 were:

	Carrying amount	
	As at 31 March 2018	As at 31 December 2017
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	842,628,669	597,589,914
Cash at banks	362,120,655	779,137,588
Financial liabilities		
Term loan (Foreign)	566,397,425	672,827,493
Bank overdraft	-	18,244,255
Short term borrowing (foreign)	388,824,407	256,253,582

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 31 March 2018		As at 31 December 2017	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	842,628,669	842,628,669	597,589,914	597,589,914
Loans and receivables				
Trade receivables	723,734,974	723,734,974	513,977,334	513,977,334
Other receivables	79,569,441	79,569,441	76,446,543	76,446,543
Cash equivalents	1,204,849,324	1,204,849,324	1,376,727,502	1,376,727,502
Financial liabilities				
Liabilities carried at amortised cost				
Term loan	566,397,425	566,397,425	632,827,493	632,827,493
Bank overdraft	-	-	18,244,255	18,244,255
Trade and other payables	665,176,440	665,176,440	573,706,416	573,706,416
Short term borrowing (foreign)	388,824,407	388,824,407	256,253,582	256,253,582

Interest rates used for determining amortised cost

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

	31 March 2018	31 December 2017
Investment in FDR	1.95%-10.25%	1.95%-7.50%
Term loan	Libor+3%	Libor+3%
Bank overdraft	8.00%-10.00%	8%-10.00%
Short term bank loan (local currency)	8.00%-10.00%	8%-10.00%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-2.85%)	Libor+(2.75%-2.85%)
Long term bank loan (foreign currency/USD)	Libor+3%	Libor+3%

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30 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

30.1

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	98,708,529	1,648,383	1,648,383	129,360,769	-	-	-
		Previous period	93,446,318	1,484,765	1,484,765	32,081,274	-	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Current period	25,383,611	-	-	24,686,387	-	-	-
		Previous period	23,265,882	-	-	10,873,916	-	-	-
RAK Ceramics - UAE	Parent	Current period	-	-	2,747,150	23,374,948	-	-	-
		Previous period	7,221,753	-	9,120,120	480,764,140	-	-	-
Julphar Pharmaceuticals Ltd.	Other related party	Current period	-	1,215,000	1,215,000	-			
		Previous period	-	-	-	-			
RAK Paints Pvt. Ltd.	Other related party	Current period	56,284	900,000	-	-			
		Previous period	13,483	600,000	570,000	-			
Kea Printing & Packaging Industries	Other related party	Current period	19,521,516	-	-	4,612,557	-	-	-
		Previous period	35,278,616	-	-	9,565,578	-	-	-
Palli Properties Pte. Ltd	Other related party	Current period	3,969,805	-	-	-	-	-	-
		Previous period	3,925,605	-	-	435,402	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Current period	880,659	-	-	-	-	-	-
		Previous period	1,902,545	-	-	-	-	-	-
Green Planet Communications	Other related party	Current period	2,325,950	-	-	356,922	-	-	-
		Previous period	1,043,896	-	-	184,864	-	-	-
Pelikan Plastic & Packing Pvt. Ltd.	Other related party	Current period	26,543,682	-	-	5,509,700	-	-	-
		Previous period	20,303,501	-	-	-	-	-	-
Mohammed Trading	Other related party	Current period	-	582,073,917	432,447,783	-	-	-	-
		Previous period	-	562,684,060	359,229,142	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Current period	-	-	-	55,502,643	9,777,465	-	-
		Previous period	-	-	-	52,846,480	11,934,686	-	-
Imtiaz Hussain	Key Management Personnel	Current period	-	-	-	-	2,372,832	-	-
		Previous period	-	-	-	-	2,683,560	-	-

30.3 Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 9,777,465.

During the period, Board meeting fees of Taka 25,000 was paid to the board members for attending the Board meetings.

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31 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.

31 Mar 2018	Business Segments				
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	Entity total
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	1,692,560,943	-	16,055,220	-	1,708,616,162
Revenue - inter segment	-	98,708,529	25,759,417	(124,467,946)	-
Total segment revenue	1,692,560,943	98,708,529	41,814,637	(124,467,946)	1,708,616,162
Cost of sales- external customer	(990,162,879)	(58,465,661)	(35,613,328)	-	(1,084,241,868)
Cost of sales- inter segment	(124,092,140)	(2,024,189)	-	126,116,329	-
Total segment cost of sales	(1,114,255,019)	(60,489,850)	(35,613,328)	126,116,329	(1,084,241,868)
Gross profit	578,305,924	38,218,679	6,201,309	-	624,374,294
Rental income	3,763,383	-	-	(1,648,383)	2,115,000
Financial income	14,124,725	214,491	-	-	14,339,216
Financial expenses	(13,407,152)	(257,892)	(2,075)	-	(13,667,119)
Depreciation	(98,421,432)	(4,400,990)	(79,278)	-	(102,901,700)
Other operating expenses	(195,944,651)	2,199,269	(4,164,558)	-	(197,909,940)
Segment profit before tax	288,420,797	35,973,557	1,955,398	-	326,349,749
Income tax expense	(68,609,403)	(11,882,378)	(684,389)	-	(81,176,170)
Deferred tax	(4,595,721)	611,898	-	-	(3,983,823)
Non -Controlling interest	-	121	0.06	-	121
Profit for the year					**241,189,636**

31 Mar 2017	Business Segments				
	Ceramic & sanitary ware	Power	Security and services	Inter segment	Entity total
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	1,519,702,343	2,740,415	18,609,641	-	1,541,052,399
Revenue - inter segment	-	93,446,318	23,724,429	(69,721,889)	47,448,858
Total segment revenue	1,519,702,343	96,186,733	42,334,070	(69,721,889)	1,588,501,257
Cost of sales- external customer	(812,509,840)	(55,530,833)	(31,171,355)	-	(899,212,027)
Cost of sales- inter segment	(116,712,200)	(1,943,312)	-	118,655,512	-
Total segment cost of sales	(929,222,038)	(57,474,145)	(31,171,355)	118,655,512	(899,212,026)
Gross profit	590,480,305	38,712,588	11,162,715	-	689,289,231
Other income	-	12,031	-		12,031
Dividend income	83,979,600	20,000	-	(83,999,600)	-
Rental income	2,284,765	-	-	(48,933,623)	(46,648,858)
Financial income	4,904,735	805,149	-	-	5,709,884
Financial expenses	(44,316,783)	(555,733)	(2,130)	-	(44,874,646)
Depreciation	(109,130,002)	(4,476,905)	(84,539)	-	(113,691,446)
Other operating expenses	(176,146,992)	2,184,409	(6,257,503)	-	(180,220,083)
Segment profit before tax	352,055,628	36,701,539	4,818,543	-	309,576,111
Income tax expense	(79,643,745)	(11,931,690)	(1,686,490)	-	(93,261,925)
Deferred tax	(16,514,696)	411,894		-	(16,102,802)
Non -Controlling interest	-	123	0.15	-	123
Profit for the year					200,211,260

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		31 Mar 2018 Taka	31 Mar 2017 Taka
32	**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	**241,189,636**	**200,211,260**
	No. of ordinary equity shares	**353,693,141**	**353,693,141**
	Weighted average no. of equity shares outstanding (Note 32.1)	**353,693,141**	**353,693,141**
	Earnings per share (EPS) for the period	**0.68**	**0.57**

32.1 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 period. 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.

	31 Mar 2018	31 Mar 2017
Outstanding shares	353,693,141	353,693,141
	353,693,141	**353,693,141**

32.2 Diluted earning per share

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

33 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 681,051,703 (31 Mar 2017: Tk 526,550,902). 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 288,102,361 (31 Mar 2017: Tk 192,798,488) and letter of guarantee of Tk 84,024,047 (31 Mar 2017: Tk 52,551,133).