# RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 September 2018

AMAR STOCK

**RAK Ceramics (Bangladesh) Ltd.**
**Consolidated statement of financial position**
**as at 30 September 2018**

| | Notes | 30 Sep 2018 Taka | 31 Dec 2017 Taka |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 4 | 3,230,846,103 | 3,394,940,284 |
| Investment property | 5 | 693,804,443 | 701,681,877 |
| Intangible assets | 6 | 13,415,178 | 5,429,027 |
| Capital work-in-progress | 7 | 75,646,956 | 41,415,719 |
| **Total non-current assets** | | 4,013,712,680 | 4,143,466,907 |
| Inventories | 8 | 3,111,227,562 | 2,533,703,266 |
| Trade and other receivables | 9 | 733,803,165 | 590,423,877 |
| Advances, deposits and prepayments | 10 | 346,376,707 | 309,772,083 |
| Advance income tax | 11 | 3,047,377,017 | 2,831,624,003 |
| Cash and cash equivalents | 12 | 451,198,330 | 1,382,359,206 |
| **Total current assets** | | 7,689,982,781 | 7,647,882,435 |
| **Total assets** | | 11,703,695,461 | 11,791,349,342 |
| **Equity** | | | |
| Share capital | 13 | 3,890,624,560 | 3,536,931,410 |
| Share premium | 14 | 1,473,647,979 | 1,473,647,979 |
| Retained earnings | 15 | 1,338,327,048 | 1,445,455,970 |
| **Equity attributable to equity holders of the company** | | 6,702,599,587 | 6,456,035,359 |
| **Non-controlling interests** | | 1,458 | 1,524 |
| **Total equity** | | 6,702,601,045 | 6,456,036,883 |
| **Liabilities** | | | |
| Borrowings | 18 | 154,981,946 | 359,163,292 |
| Deferred tax liability | 16 | 191,967,516 | 178,813,760 |
| **Total non-current liabilities** | | 346,949,462 | 537,977,052 |
| Employees benefits payable | 17 | 30,546,463 | - |
| Borrowings | 18 | 275,208,632 | 548,162,038 |
| Trade and other payables | 19 | 482,044,085 | 573,706,416 |
| Accrued expenses | 20 | 423,056,377 | 447,661,843 |
| Provision for income tax | 21 | 3,443,289,397 | 3,227,805,110 |
| **Total current liabilities** | | 4,654,144,954 | 4,797,335,407 |
| **Total liabilities** | | 5,001,094,416 | 5,335,312,459 |
| **Total equity and liabilities** | | 11,703,695,461 | 11,791,349,342 |

*The accompanying notes are an integral part of these financial statements*

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

Dated, 22 Oct 2018

**RAK Ceramics (Bangladesh) Ltd.**

**Consolidated profit or loss and other comprehensive income**
**for the period ended 30 September 2018**

| | Notes | 30 Sep 2018 Taka | 30 Sep 2017 Taka | July to Sep 2018 Taka | July to Sep 2017 Taka |
|---|---|---|---|---|---|
| Sales | 22 | 5,003,375,972 | 4,963,527,914 | 1,704,561,246 | 1,745,682,467 |
| Cost of sales | 23 | (3,204,803,259) | (2,954,139,197) | (1,094,505,322) | (1,046,676,667) |
| **Gross profit** | | 1,798,572,713 | 2,009,388,717 | 610,055,924 | 699,005,800 |
| Other income | 24 | 6,494,381 | 10,276,079 | 2,167,493 | 2,227,370 |
| Administrative expenses | 25 | (286,348,066) | (278,929,531) | (91,070,302) | (92,446,418) |
| Marketing and selling expenses | 26 | (643,235,090) | (556,669,608) | (219,702,906) | (201,527,519) |
| | | (923,088,775) | (825,322,460) | (308,605,715) | (291,746,566) |
| **Profit from operating activities** | | 875,483,938 | 1,184,066,257 | 301,450,209 | 407,259,234 |
| Finance income | 27 | 32,830,427 | 8,635,228 | 6,826,982 | 2,204,139 |
| Finance expenses | 28 | (32,545,336) | (78,082,550) | (7,515,375) | (19,331,156) |
| Net finance income | | 285,091 | (69,447,323) | (688,393) | (17,127,017) |
| **Profit before contribution to worker's profit participation and welfare fund** | | 875,769,029 | 1,114,618,935 | 300,761,816 | 390,132,217 |
| Contribution to worker's profit participation and welfare fund | 29 | (40,720,592) | (51,942,912) | (12,302,137) | (17,133,560) |
| **Profit before income tax** | | 835,048,437 | 1,062,676,023 | 288,459,679 | 372,998,657 |
| Income tax expense | 30 | (221,636,978) | (268,593,324) | (69,763,313) | (86,177,685) |
| Current tax | 16 | (13,153,756) | (37,070,845) | (4,900,017) | (19,194,647) |
| Deferred tax | | (234,790,734) | (305,664,169) | (74,663,330) | (105,372,332) |
| **Profit for the period** | | 600,257,703 | 757,011,854 | 213,796,349 | 267,626,324 |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive income for the period** | | 600,257,703 | 757,011,854 | 213,796,349 | 267,626,324 |
| **Profit attributable to:** | | | | | |
| Equity holders of the company | | 600,257,369 | 757,011,529 | 213,796,223 | 267,626,221 |
| Non-controlling interests | | 334 | 325 | 126 | 103 |
| **Profit after tax for the period** | | 600,257,703 | 757,011,854 | 213,796,349 | 267,626,324 |
| **Basic earnings per share (Par value TK 10)** | 35 | 1.54 | 1.95 | 0.55 | 0.69 |

*The accompanying notes are an integral part of these financial statements*

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

Dated, 22 Oct 2018

**RAK Ceramics (Bangladesh) Ltd.**

**Consolidated statement of changes in equity**

**for the period ended 30 September 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 | - | - | 757,011,529 | 757,011,529 | 325 | 757,011,854 |
| 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 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 |
| **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 | - | - | 600,257,369 | 600,257,369 | 334 | 600,257,703 |
| Cash dividend (2017) | - | - | (353,693,141) | (353,693,141) | (400) | (353,693,541) |
| Stock dividend (2017) | 353,693,150 | - | (353,693,150) | - | - | - |
| **Balance as at 30 September 2018** | 3,890,624,560 | 1,473,647,979 | 1,338,327,048 | 6,702,599,587 | 1,458 | 6,702,601,045 |

*The accompanying notes are an integral part of these financial statements*

**RAK Ceramics (Bangladesh) Ltd.**

**Consolidated statement of cash flows**
**for the period ended 30 September 2018**

| | 30 Sep 2018<br>Taka | 30 Sep 2017<br>Taka |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash receipts from customers | 4,752,553,609 | 4,955,643,806 |
| Cash payments to suppliers and employees | (4,515,656,118) | (3,698,916,014) |
| **Cash generated from operating activities** | 236,897,491 | 1,256,727,793 |
| Interest received from bank deposit | 4,090,085 | 2,973,855 |
| Income tax paid | (215,753,014) | (260,518,444) |
| ***Net cash (used in)/from operating activities (note-36.1)*** | 25,234,562 | 999,183,204 |
| **Cash flows from investing activities** | | |
| Acquisition of property, plant and equipment | (179,328,445) | (244,643,989) |
| Sale of property, plant and equipment | 11,550 | - |
| Disposal proceeds of associate | 74,025,000 | 74,025,000 |
| Interest received from FDR | 27,769,066 | 6,872,312 |
| Income from rental | 4,275,000 | 7,918,000 |
| Intangible assets | (11,950,323) | (1,669,768) |
| Dividend received | 200 | 200 |
| ***Net cash (used in)/from investing activities*** | (85,197,952) | (157,498,245) |
| **Cash flows from financing activities** | | |
| Finance charges | (42,472,037) | (29,772,036) |
| Avail/(repayment) of term loan | (204,181,346) | (179,225,551) |
| Avail/(repayment) of short-term loan | (272,953,406) | 86,120,081 |
| Dividend paid | (351,936,430) | (669,619,923) |
| Unclaimed share application refund | (19,200) | - |
| Adjustment related with non-controlling interest | (400) | (400) |
| ***Net cash (used in)/from financing activities*** | (871,562,819) | (792,497,829) |
| Effect of exchange rate changes in cash and cash equivalents | 365,333 | 199,553 |
| **Net increase/(decrease) in cash and cash equivalents** | (931,160,876) | 49,386,684 |
| **Cash and cash equivalents as at 01 January** | 1,382,359,206 | 802,643,479 |
| **Cash and cash equivalents as at 30 September (Note 12)** | 451,198,330 | 852,030,162 |

*The accompanying notes are an integral part of these financial statements*

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**RAK Ceramics (Bangladesh) Limited**

**Notes to the consolidated financial statements as at and for the period ended 30 September 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 at the end of reporting period. 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 at the end of reporting period. 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 22 October 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 16 | Deferred tax liability |
| Note 17 | Employees benefit payable |
| Note 21 | Provision for income tax |

## 2.5 Reporting period

The financial period of the Company covers nine months from 1 January to 30 September 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 statement 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 assets

### 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.

## 3.2.1 Financial liabilities

### 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 | 5-20 |
| General building | 5 |
| Head Office building | 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.

### 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 2018.

**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**

**30 Sep 2018**

Amounts in Taka

| Particulars | COST | | | | DEPRECIATION | | | | | Net book value as at 30 Sep 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 01 Jan 2018 | Addition during the period | Sale/ disposal during the period | Balance as at 30 Sep 2018 | Rate (%) | Balance as at 01 Jan 2018 | Charged during the period | Adjustment during the period | Balance as at 30 Sep 2018 | |
| Land | 336,575,507 | - | - | 336,575,507 | | - | - | - | - | 336,575,507 |
| Factory building | 932,964,883 | 52,063,921 | - | 985,028,802 | 2.5-5 | 333,451,642 | 36,177,318 | - | 369,628,960 | 615,399,843 |
| Office building | 203,113,529 | 1,700,161 | - | 204,813,690 | 2.5-5 | 101,236,417 | 7,440,338 | - | 108,676,755 | 96,136,935 |
| Plant and machinery | 5,268,607,207 | 63,066,482 | - | 5,331,673,688 | 5-10 | 3,149,903,876 | 225,742,813 | - | 3,375,646,688 | 1,956,027,001 |
| Mobile plant | 122,434,617 | 12,919,886 | - | 135,354,503 | 10 | 90,904,362 | 6,102,101 | - | 97,006,462 | 38,348,040 |
| Electrical installation | 241,464,647 | 945,000 | - | 242,409,647 | 10-20 | 183,208,804 | 7,452,602 | - | 190,661,406 | 51,748,241 |
| Gas pipeline | 77,047,294 | - | - | 77,047,294 | 10-20 | 48,717,653 | 2,701,446 | - | 51,419,100 | 25,628,195 |
| Furniture and fixtures | 37,026,750 | 2,225,198 | (182,274) | 39,069,674 | 10 | 25,855,408 | 1,486,408 | (174,633) | 27,167,183 | 11,902,491 |
| Office equipment | 110,835,457 | 2,659,161 | - | 113,494,618 | 10-20 | 55,298,970 | 14,173,468 | - | 69,472,438 | 44,022,181 |
| Communication equipment | 12,231,404 | 2,382,735 | - | 14,614,139 | 10-20 | 6,853,414 | 1,233,029 | - | 8,086,442 | 6,527,697 |
| Tools and appliances | 17,669,297 | 1,382,850 | - | 19,052,147 | 10-20 | 8,355,786 | 1,465,133 | - | 9,820,919 | 9,231,228 |
| Vehicles | 83,352,902 | 5,751,814 | - | 89,104,716 | 10-20 | 44,596,878 | 5,209,093 | - | 49,805,972 | 39,298,745 |
| Fire fighting equipments | 3,631,012 | - | - | 3,631,012 | 20 | 3,631,012 | - | - | 3,631,012 | - |
| **Total** | **7,446,954,506** | **145,097,208** | **(182,274)** | **7,591,869,438** | | **4,052,014,222** | **309,183,749** | **(174,633)** | **4,361,023,335** | **3,230,846,103** |

**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

**30 Sep 2018**

| Particulars | COST | | | | | DEPRECIATION | | | | Net book value as at 30 Sep 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as at 01 Jan 2018 | Addition during the period | Sale/disposal during the period | Balance as at 30 Sep 2018 | Rate | Balance as at 01 Jan 2018 | Charged during the period | Adjustment during the period | Balance as at 30 Sep 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 | 7,877,434 | - | 17,403,689 | 193,232,693 |
| | **711,208,132** | **-** | **-** | **711,208,132** | | **9,526,255** | **7,877,434** | **-** | **17,403,689** | **693,804,443** |

**31 Dec 2017**

| 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[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.

| | 30 Sep 2018<br>Taka | 30 Sep 2017<br>Taka |
|---|---|---|
| **5.1 Depreciation charged on the basis of the purpose of use** | | |
| Cost of sales (Note 23) | 279,640,440 | 288,247,088 |
| Administrative expenses (Note 5.2) | 35,904,248 | 32,320,352 |
| Marketing & selling expenses (Note 26) | 1,516,495 | 1,516,495 |
| | **317,061,183** | **322,083,935** |
| 5.2 Administrative expenses | | |
| Depreciation on property, plant & equipment (Note 25) | 28,026,814 | 26,109,495 |
| Depreciation on investment property (Note 25) | 7,877,434 | 6,210,857 |
| | **35,904,248** | **32,320,352** |

**5.3 Disposal of property, plant and equipment**

30 Sep 2018

| Particulars | Original cost | Accumulated depreciation | Book value | Receipt against sales/insurance | Profit/(loss) on disposal |
|---|---|---|---|---|---|
| | Taka | Taka | Taka | Taka | Taka |
| Furniture & fixture | 182,274 | 174,633 | 7,641 | 11,550 | 3,909 |
| Total | **182,274** | **174,633** | **7,641** | **11,550** | **3,909** |

30 Sep 2017

| Particulars | Original cost | Accumulated depreciation | Book value | Sale/Lost | Profit/(loss) on disposal |
|---|---|---|---|---|---|
| | Taka | Taka | Taka | Taka | Taka |
| No disposal | - | - | - | - | - |
| Total | - | - | - | - | - |

| | | 30 Sep 2018<br>Taka | 31 Dec 2017<br>Taka |
|---|---|---|---|
| **6** | **Intangible assets** | | |
| | Balance as at 1 January | 5,429,027 | 6,740,159 |
| | Add: Addition during the period | 11,950,323 | 6,925,458 |
| | | 17,379,350 | 13,665,617 |
| | Less: Amortisation during the period (Note-6.1) | 3,964,172 | 5,587,852 |
| | Less: Adjustment during the period | - | 2,648,738 |
| | Balance as at 30 September | **13,415,178** | **5,429,027** |
| **6.1** | Amortisation charged on the basis of the purpose of use | | |
| | Administrative expenses (Note - 25) | 3,964,172 | 5,587,852 |
| | | **3,964,172** | **5,587,852** |
| **7** | **Capital Work-in-Progress** | | |
| | Balance as at 1 January | 41,415,719 | 28,726,284 |
| | Add: Addition during the period | 140,304,087 | 444,202,680 |
| | | 181,719,806 | 472,928,964 |
| | Less: Transfer to property, plant & equipment and IP during the period (note 7.1) | 106,072,850 | 431,513,245 |
| | Balance as at 30 September | **75,646,956** | **41,415,719** |
| **7.1** | **Items transferred from capital work in progress to property, plant & equipment** | | |
| | Office building | - | 207,433,930 |
| | Factory building | 39,335,193 | 53,235,483 |
| | Plant & machinery | 58,566,153 | 170,125,817 |
| | Mobile plant | 7,826,143 | - |
| | Communication equipment | 345,362 | - |
| | Others | - | 718,015 |
| | | **106,072,850** | **431,513,245** |
| **8** | **Inventories** | | |
| | Raw materials | 1,022,328,831 | 655,088,511 |
| | Stores and consumables spares | 1,092,224,673 | 1,098,231,281 |
| | Less : Write off for stores, consumables and packing during the period | 21,170,571 | - |
| | | 1,071,054,101 | 1,098,231,281 |
| | Finished goods | 771,071,013 | 502,342,028 |
| | Work-in-process | 131,142,840 | 108,183,210 |
| | Goods-in-transit | 115,630,776 | 169,858,236 |
| | | **3,111,227,562** | **2,533,703,266** |

| | | 30 Sep 2018<br>Taka | 31 Dec 2017<br>Taka |
|---|---|---|---|
| **9** | **Trade and other receivables** | | |
| | Trade receivables (Note 9.1) | 728,340,344 | 513,977,334 |
| | | 728,340,344 | 513,977,334 |
| | Accrued interest (Note 9.2) | 1,322,819 | 4,778,054 |
| | Accrued rental income | 4,140,002 | 2,070,000 |
| | Receivable against disposal of investment | - | 69,598,489 |
| | | **733,803,165** | **590,423,877** |
| **9.1** | **Trade receivables** | | |
| | Receivables from local sales | 725,772,426 | 512,343,198 |
| | Receivables from export sales | 2,567,918 | 1,634,136 |
| | | **728,340,344** | **513,977,334** |
| **9.2** | **Accrued interest** | | |
| | Interest accrued on FDR and SND | 1,322,819 | 4,778,054 |
| | | **1,322,819** | **4,778,054** |
| **10** | **Advance, deposit and prepayments** | | |
| | Advances: | | |
| | Employees | 114,500 | 12,506 |
| | Land advance & others | 6,455,875 | 1,942,829 |
| | Suppliers agaisnt material & services | 118,612,831 | 91,510,409 |
| | | 125,183,206 | 93,465,744 |
| | Security and other deposits: | | |
| | Titas gas | 55,772,000 | 39,694,150 |
| | Mymenshing Palli Bidyut Samity-2 | 1,955,000 | 1,955,000 |
| | VAT and supplementary duty (note 10.1) | 32,200,398 | 43,078,066 |
| | Deposit with income tax authority | 50,628,195 | 36,685,655 |
| | Deposit with VAT authority | 6,726,946 | 6,726,946 |
| | Other deposits | 1,499,853 | 1,499,853 |
| | | 148,782,392 | 129,639,670 |
| | Prepayments: | | |
| | Showroom & office rent | 14,447,738 | 15,638,195 |
| | Insurance and others | 57,963,370 | 71,028,474 |
| | | 72,411,108 | 86,666,669 |
| | | **346,376,707** | **309,772,083** |

| | | 30 Sep 2018<br>Taka | 31 Dec 2017<br>Taka |
|---|---|---|---|
| **10.1** | Supplementary duty & VAT | | |
| | Balance as at 1 January | 43,078,066 | 36,231,093 |
| | Add: Treasury deposit for SD & VAT purpose | 972,377,734 | 1,513,000,000 |
| | Rebate of input VAT | 342,648,445 | 346,947,267 |
| | | 1,358,104,245 | 1,896,178,360 |
| | Add: Receivable - SD & VAT | 124,817 | - |
| | | 1,358,229,063 | 1,896,178,360 |
| | Less: SD & VAT on sales | 1,324,074,150 | 1,843,007,696 |
| | Payable- SD & VAT | - | 10,092,597 |
| | Others payable | 1,954,515 | - |
| | | 1,326,028,664 | 1,853,100,292 |
| | Balance as at 30 September | **32,200,398** | **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 | 221,905,704 | 350,708,934 |
| | Less: Adjusted during the period | 6,152,691 | 4,926,690 |
| | Balance as at 30 September (11.1 ) | **3,047,377,017** | **2,831,624,003** |
| **11.1** | **Payment for the period** | | |
| | **Income year** | | |
| | Current period | 173,534,595 | - |
| | Year 2017 | 333,985,622 | 285,614,513 |
| | Year 2016 | 291,375,845 | 291,375,845 |
| | Year 2015 | 187,267,285 | 187,267,285 |
| | Year 2014 | 291,694,002 | 295,379,428 |
| | Year 2013 | 389,651,054 | 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 |
| | | **3,047,377,017** | **2,831,624,003** |

AMARSTOCK

| | | 30 Sep 2018<br>Taka | 31 Dec 2017<br>Taka |
|---|---|---|---|
| **12** | **Cash and cash equivalents** | | |
| | Cash in hand | 3,222,248 | 5,631,704 |
| | Cash at banks | | |
| | HSBC (current account -001-013432-011,001-107580-011,001-096015-011, 001-096007-011 - BDT) | 1,415,946 | 25,409,026 |
| | Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT) | 98,175,222 | 117,911,774 |
| | Brac Bank Ltd. (current account - 1530301731248001 - BDT) | 8,694,302 | 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) | 1,380,640 | 1,628,157 |
| | HSBC (ERQ account - 001-013432-047 - USD) | 10,630,102 | 9,438,932 |
| | Standard Chartered Bank (ERQ - 42-6162940-01 - USD) | 713,678 | 975,788 |
| | Standard Chartered Bank (Margin money account) | 3,834,947 | 306,739 |
| | United Commercial Bank (SND account - 0831301000000164 BDT) | 9,908,301 | 33,572,214 |
| | Eastern Bank Ltd. (SND account - 1131350237146 - BDT) | 46,021,377 | 35,308,039 |
| | EXIM Bank (SND account - 01513100031877 - BDT) | 485,957 | 114,761 |
| | Standard Chartered Bank (SND account - 02-3767272-01 - BDT) | 53,995 | 454,397 |
| | Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT) | 81,510,091 | 261,903,047 |
| | BRAC Bank (SND - 1513101731248001 - BDT) | 359,480 | 358,355 |
| | Prime Bank Ltd. (SND - 12531010022563 - BDT) | 8,487,253 | 53,513,417 |
| | Dhaka Bank Ltd (SND - 102.150.274- BDT)) | 11,480,186 | 52,825,646 |
| | Commercial Bank of Ceylon (CD-2817000776 - BDT.) | 25,000 | 23,529 |
| | Dhaka Bank Ltd (CD - 204100000019318- BDT)) | 117,209 | 8,470 |
| | Commercial Bank of Ceylon (SND-2817000777 - BDT.) | 371,057 | 39,297,802 |
| | Megna Bank Ltd. (SND 1112-13500000004 - BDT) | 20,505,969 | 43,154,459 |
| | Midland Bank Ltd. (SND 0006-1070000015 - BDT) | 145,230 | - |
| | | 304,483,432 | 733,879,731 |
| | IPO bank account | | |
| | Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT) | 2,438,801 | 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 |
| | | 6,638,504 | 6,654,092 |
| | Dividend bank account | | |
| | BRAC Bank (Current - 1510201731248001 - BDT) - 2010 | 2,615,356 | 2,618,431 |
| | BRAC Bank (Current - 1513201731248001 - BDT) - 2011 | 2,201,087 | 2,204,459 |
| | SCB (Current - 02-6162940-02- BDT) - 2012 | 3,844,806 | 3,837,331 |
| | SCB (Current - 02-6162940-03- BDT) - 2013 | 16,768,698 | 16,734,192 |
| | SCB (Current - 02-6162940-04- BDT) - 2014 | 4,983,733 | 4,977,932 |
| | SCB (Current - 02-6162940-05- BDT) - 2015 | 3,830,876 | 3,847,536 |
| | SCB (Current - 02-6162940-06- BDT) - 2016 | 4,327,869 | 4,383,884 |
| | SCB (Current - 02-6162940-07- BDT) - 2017 | 1,814,552 | - |
| | | 40,386,977 | 38,603,765 |
| | Investment in Fixed Deposit Receipt (FDR) | | |
| | HSBC | 11,866,589 | 16,827,834 |
| | SCB | 762,080 | 762,080 |
| | Brac Bank Ltd. | - | 150,000,000 |
| | Dutch Bangla Bank Ltd. | 28,838,500 | 25,000,000 |
| | Eastern Bank Ltd. | - | 300,000,000 |
| | Dhaka Bank Ltd. | 50,000,000 | 100,000,000 |
| | Megna Bank Ltd. | 5,000,000 | 5,000,000 |
| | | 96,467,169 | 597,589,914 |
| | Total | **451,198,330** | **1,382,359,206** |

| | 30 Sep 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 :** | | |
| 389,062,456 ordinary shares of Taka 10/- each | **3,890,624,560** | **3,536,931,410** |

**Percentage of shareholdings :**

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | % | Taka | % | Taka |
| RAK Ceramics PJSC, UAE | 68.13 | 2,650,785,740 | 68.13 | 2,409,805,220 |
| S.A.K. Ekramuzzaman | 3.95 | 153,598,410 | 3.92 | 138,725,830 |
| HH Sheikh Saud Bin Saqr Al Qassimi | 0.00 | 310 | 0.00 | 290 |
| Sheikh Omer Bin Saqr Al Qassimi | 0.00 | 310 | 0.00 | 290 |
| Sheikh Ahmad Bin Humaid al Qassimi | 0.00 | 310 | 0.00 | 290 |
| Hamad Abdulla Al Muttawa | 0.00 | 150 | 0.00 | 140 |
| Dr. Khater Massaad | 0.00 | 150 | 0.00 | 140 |
| Abdallah Massaad | 0.00 | 150 | 0.00 | 140 |
| Manoj Uttamrao Ahire | 0.00 | 150 | 0.00 | 140 |
| General Public | 27.92 | 1,086,238,880 | 27.95 | 988,398,930 |
| | **100.00** | **3,890,624,560** | **100.00** | **3,536,931,410** |

The company was incorporated on 26th of November 1998 with paid up capital of BDT 1,000 and subsequently has issued ordinary shares including bonus shares in several dates i.e. 30 September 2000, 30 October 2005, 15 June 2009, 28 July 2009, 31 January 2010, 24 May 2010, 20 March 2011, 15 April 2012, 10 April 2013, 02 April 2014, 29 March 2017 and 18 April 2018.

**Classification of shareholders by holding**

| Shareholder's range | Number of shareholders | | Number of shares | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Less than 500 shares | 22,743 | 24,431 | 5,166,217 | 5,260,532 |
| 501 to 5,000 shares | 9,150 | 8,673 | 14,574,773 | 13,964,830 |
| 5001 to 10,000 shares | 1,039 | 916 | 7,251,823 | 6,687,868 |
| 10,001 to 20,000 shares | 540 | 475 | 7,482,349 | 6,676,203 |
| 20,001 to 30,000 shares | 154 | 134 | 3,795,286 | 3,318,356 |
| 30,001 to 40,000 shares | 74 | 72 | 2,581,300 | 2,550,406 |
| 40,001 to 50,000 shares | 48 | 42 | 2,158,455 | 1,903,394 |
| 50,001 to 100,000 shares | 95 | 84 | 6,480,253 | 5,708,527 |
| 100,001 to 1,000,000 shares | 92 | 89 | 23,915,215 | 23,843,323 |
| Over 1,000,000 shares | 13 | 10 | 315,656,785 | 283,779,702 |
| | **33,948** | **34,926** | **389,062,456** | **353,693,141** |

## 14 Share premium

On 31 January, 2010, company issued 10,000,000 ordinary shares in favor of institutional shareholder and employees per share BDT. 40 (include BDT. 30 as premium). On 24 May, 2010 Company again issued 34,510,000 ordinary shares through IPO per share BDT. 48 (include BDT. 38 as premium). Details reconciliation shown below:

| No. of shares | Share premium (per share) | | 30 Sep 2018 Taka | 31 Dec 2017 Taka |
|---|---|---|---|---|
| 10000000 | 30 | | 300,000,000 | 300,000,000 |
| 34510000 | 38 | | 1,311,380,000 | 1,311,380,000 |
| | | | 1,611,380,000 | 1,611,380,000 |
| Less : Share issue expenses | | | 137,732,021 | 137,732,021 |
| | | **Total** | **1,473,647,979** | **1,473,647,979** |

## 15 Reserve and Surplus

| | | |
|---|---|---|
| Balance as on 01 January | 1,445,455,970 | 1,269,570,793 |
| Add : Profit during the period | 600,257,369 | 1,018,011,699 |
| | 2,045,713,339 | 2,287,582,492 |
| Less: Dividend declared during the period | (707,386,291) | (842,126,522) |
| Balance as on 30 September | **1,338,327,049** | **1,445,455,970** |

Detail movement for reserve and surplus shown under statement of changes in equity.

## 16 Deferred tax liabilities

| | 30 Sep 2018<br>Taka | 31 Dec 2017<br>Taka |
|---|---|---|
| Balance as at 1 January | 178,813,760 | 128,416,223 |
| Less : Deferred tax (income)/expenses | 13,153,756 | 50,397,537 |
| Balance as at 30 September | **191,967,516** | **178,813,760** |

| | Carrying amount on the date of statement of financial position<br>Taka | Tax base<br>Taka | Taxable/ (deductible) temporary difference<br>Taka |
|---|---|---|---|
| **As at 30 September 2018** | | | |
| Property, plant and equipment (Excluding land and others) | 3,007,516,592 | 2,277,352,629 | 730,163,963 |
| Net taxable temporary difference | | | **730,163,963** |
| Deferred tax liability (applying applicable tax rate for individual company) | | | **191,967,516** |
| **As at 31 December 2017** | | | |
| Property, plant and equipment (Excluding land and others) | 3,168,964,476 | 2,493,534,782 | 675,429,694 |
| Net taxable temporary difference | | | **675,429,694** |
| Deferred tax liability (applying applicable tax rate for individual company) | | | **178,813,760** |

## 17 Employees benefits payable

| | | |
|---|---|---|
| Provident fund | 6,047,141 | - |
| Gratuity fund | 24,499,323 | - |
| | **30,546,463** | - |

| | 2018 | | |
|---|---|---|---|
| | Provident fund<br>Taka | Gratuity fund<br>Taka | Total<br>Taka |
| Balance as at 1 January | - | - | - |
| Add: Provision made during the period | 46,559,048 | 24,824,509 | 71,383,558 |
| | 46,559,048 | 24,824,509 | 71,383,558 |
| Less: Payments made to fund during the period | 40,511,908 | 325,186 | 40,837,094 |
| Balance as at 30 September | **6,047,141** | **24,499,323** | **30,546,463** |

| | 2017 | | |
|---|---|---|---|
| | Provident fund<br>Taka | Gratuity fund<br>Taka | Total<br>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 | - | - | - |

## 18 Borrowings

| | | |
|---|---|---|
| Non-current: | | |
| Term loan | 430,190,578 | 632,827,493 |
| Current portion of term loan | (275,208,632) | (273,664,201) |
| | **154,981,946** | **359,163,292** |
| Current: | | |
| Bank overdrafts | - | 18,244,255 |
| Short-term borrowings | - | 256,253,582 |
| Current portion of term loan | 275,208,632 | 273,664,201 |
| | 275,208,632 | 548,162,038 |
| Balance as at 30 September | **430,190,578** | **907,325,330** |

**18.1 Borrowings by maturity**

| At 30 September 2018 | < 1 year | 1-2 years | 2-5 years | Total |
|---|---|---|---|---|
| Term loan | 275,208,632 | 153,137,836 | 1,844,110 | 430,190,578 |
| | **275,208,631** | **153,137,836** | **1,844,110** | **430,190,578** |

| 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** |

**18.2 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 | - | 180/360 days from B/L date | | | |
| HSBC | Overdraft | 30,000,000 | | Revolving | From company's own source | | |
| | Short term loan | 550,000,000 | - | 180/360 days from B/L date | | | |
| | Long term loan | 1,366,872,000 | 430,190,578 | 5 years | | | |
| Dutch Bangla Bank Ltd. | Overdraft | 25,000,000 | - | Revolving | From company's own source | | |
| | Short term loan | 90,000,000 | - | 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 | - | 180/360 days from B/L date | | | |

| 19 Trade and other payables | 30 Sep 2018 Taka | 31 Dec 2017 Taka |
|---|---|---|
| **Trade payables** | | |
| Payable to local suppliers | 78,585,689 | 111,055,661 |
| Payable to foreign suppliers | 187,852,534 | 300,313,790 |
| Payable to service provider | 13,085,163 | 19,727,182 |
| Payable to C & F agent | 11,472,323 | 9,810,933 |
| | 290,995,709 | 440,907,566 |
| **Other payables** | | |
| Tax deducted at source | 16,007,436 | 23,849,402 |
| VAT deducted at source | 5,908,253 | 10,889,659 |
| Dividend Payable | 39,610,975 | 37,854,265 |
| Unclaimed share application | 20,818,916 | 20,838,116 |
| Advance from cutomer against sales | 7,730,686 | 22,186,510 |
| Security deposit payable | 1,650,201 | 1,624,862 |
| Payable to employee for trade | 539,735 | 326,468 |
| Provisional liabilities - material & services | 98,782,175 | 15,229,568 |
| | 191,048,377 | 132,798,850 |
| | **482,044,085** | **573,706,416** |

| | | 30 Sep 2018<br>Taka | 31 Dec 2017<br>Taka |
|---|---|---|---|
| **20** | **Accrued expenses** | | |
| | Power and gas | 37,408,025 | 40,240,928 |
| | Staff cost | 47,290,294 | 86,556,724 |
| | Audit fees | 1,175,066 | 1,532,250 |
| | Professional charges | 715,592 | 455,840 |
| | Interest on loans | - | 9,561,366 |
| | Telephone | 265,181 | 228,743 |
| | Provision for freight | 5,303,151 | - |
| | Managing Director's remuneration (Note 20.1) | 27,608,562 | 45,725,177 |
| | Worker's profit participation and welfare fund (Note 20.2) | 40,720,592 | 67,441,264 |
| | Royalty and technical know-how fees (Note 20.3) | 255,103,078 | 191,852,419 |
| | Others | 7,466,836 | 4,067,132 |
| | | **423,056,377** | **447,661,843** |
| **20.1** | **Managing Director's remuneration** | | |
| | Balance as at 1 January | 45,725,178 | 40,911,795 |
| | Add: Provision made during the period | 27,608,561 | 45,725,177 |
| | | 73,333,739 | 86,636,972 |
| | Less: Paid to Managing Director during the period | 45,725,177 | 40,911,795 |
| | Balance as at 30 September | **27,608,562** | **45,725,177** |
| **20.2** | **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 | 40,720,592 | 67,441,264 |
| | | 108,161,856 | 128,497,430 |
| | Less: Payment made from the fund during the period | 67,441,264 | 61,056,166 |
| | Balance as at 30 September | **40,720,592** | **67,441,264** |
| **20.3** | **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 | 65,152,946 | 107,906,023 |
| | | 257,005,365 | 191,852,419 |
| | Less: Payment made during the period | 1,902,287 | - |
| | Balance as at 30 September | **255,103,078** | **191,852,419** |
| **21** | **Provision for income Tax** | | |
| | Balance as at 1 January | 3,227,805,110 | 2,886,541,590 |
| | Add: Provision made for the period | 221,636,978 | 346,190,210 |
| | | 3,449,442,088 | 3,232,731,800 |
| | Less: Provision release during the period | 6,152,691 | 4,926,690 |
| | Balance as at 30 September (Note 21.1) | **3,443,289,397** | **3,227,805,110** |
| **21.1** | **Provision for income Tax** | | |
| | **Income year** | | |
| | Current period | 221,813,210 | - |
| | 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 | 377,885,822 | 381,571,248 |
| | Year 2013 | 362,336,361 | 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 |
| | | **3,443,289,397** | **3,227,805,110** |

| | | 30 Sep 2018<br>Taka | 30 Sep 2017<br>Taka | July to Sep 2018<br>Taka | July to Sep 2017<br>Taka |
|---|---|---|---|---|---|
| **22** | **Sales** | | | | |
| | Gross sales from Ceramics product | 6,281,520,157 | 6,220,462,665 | 2,134,537,381 | 2,188,232,276 |
| | Gross sales from Power generation | 293,430,966 | 286,546,802 | 98,030,344 | 94,856,297 |
| | Gross sales from Security service | 139,490,952 | 160,668,916 | 46,453,103 | 54,504,855 |
| | | 6,714,442,075 | 6,667,678,383 | 2,279,020,828 | 2,337,593,428 |
| | Less: Elimination | 366,842,938 | 363,926,850 | 122,742,004 | 122,960,628 |
| | Supplementary Duty | 496,689,455 | 496,678,109 | 165,260,801 | 172,436,319 |
| | VAT | 847,533,710 | 843,545,510 | 286,456,778 | 296,514,014 |
| | **Net sales** | **5,003,375,972** | **4,963,527,914** | **1,704,561,246** | **1,745,682,467** |
| **23** | **Cost of sales** | | | | |
| | Materials consumed: | | | | |
| | Opening stock as at 1 January | 655,088,511 | 831,012,396 | 849,069,412 | 737,032,088 |
| | Add: Purchase during the period | 2,221,057,774 | 1,460,963,916 | 798,298,591 | 490,016,045 |
| | | 2,876,146,285 | 2,291,976,312 | 1,647,368,003 | 1,227,048,133 |
| | Less: Closing stock as at 30 Sep | 1,022,328,831 | 666,780,414 | 1,022,328,831 | 666,780,414 |
| | | 1,853,817,454 | 1,625,195,898 | 625,039,172 | 560,267,719 |
| | Manufacturing overhead: | | | | |
| | Direct labour (Note 23.1.1) | 443,702,351 | 398,406,016 | 147,402,457 | 140,042,419 |
| | Direct expenses: | | | | |
| | Power and gas | 176,479,072 | 176,487,314 | 55,246,531 | 63,627,193 |
| | Repairs and indirect materials (23.1.2) | 603,216,108 | 602,148,341 | 204,619,997 | 205,823,082 |
| | Rental charges | 702,517 | 674,343 | 220,962 | 235,988 |
| | Depreciation | 279,640,440 | 288,247,088 | 95,417,131 | 92,065,004 |
| | Royalty and technical know-how/assistance fees (23.1.3) | 65,152,946 | 83,108,659 | 19,683,418 | 27,413,696 |
| | Other production overhead (Note 23.1.4) | 75,005,796 | 48,155,991 | 33,365,491 | 18,964,339 |
| | Movement in stock | (292,913,425) | (268,284,453) | (86,489,837) | (61,762,773) |
| | | **3,204,803,259** | **2,954,139,197** | **1,094,505,322** | **1,046,676,667** |
| **23.1.1** | **Direct labour** | | | | |
| | Salary & wages | 257,876,151 | 225,196,281 | 87,152,372 | 78,355,703 |
| | Overtime | 34,899,503 | 29,646,559 | 10,503,232 | 11,397,561 |
| | Bonus | 38,371,277 | 30,823,356 | 11,100,874 | 10,213,279 |
| | Incentive | 656,064 | 120,706 | 606,527 | 38,037 |
| | Temporary labour wages | 73,020,332 | 68,690,719 | 24,631,919 | 24,290,585 |
| | Staff uniform expenses | 1,377,543 | 1,360,763 | 524,658 | 593,108 |
| | Gratuity | 17,241,446 | 18,367,417 | 5,818,757 | 6,315,623 |
| | Employer's contribution to provident fund | 15,607,699 | 13,627,844 | 5,291,687 | 4,572,173 |
| | Leave encashment | 2,995,232 | 8,649,798 | 1,104,929 | 3,567,542 |
| | Group life insurance | 1,657,104 | 1,922,573 | 667,502 | 698,808 |
| | | **443,702,351** | **398,406,016** | **147,402,457** | **140,042,419** |
| **23.1.2** | **Repairs and indirect materials** | | | | |
| | Stores, spares, repair & maintenance | 309,518,436 | 314,997,035 | 104,522,557 | 111,061,321 |
| | Packing expenses | 293,697,672 | 287,151,306 | 100,097,440 | 94,761,761 |
| | | **603,216,108** | **602,148,341** | **204,619,997** | **205,823,082** |
| **23.1.3** | **Royalty and technical know-how/assistance fees** | | | | |
| | Royalty and technical know-how/assistance fees | 65,152,946 | 83,108,659 | 19,683,418 | 27,413,696 |
| | | **65,152,946** | **83,108,659** | **19,683,418** | **27,413,696** |
| **23.1.4** | **Other production overhead** | | | | |
| | Hotel fare and expenses for technician | 4,084,454 | 6,646,010 | 1,123,269 | 2,248,749 |
| | Demurrage | 13,440,089 | 1,941,934 | 6,902,408 | 498,742 |
| | Insurance | 14,648,780 | 11,743,939 | 5,729,588 | 3,790,380 |
| | Hiring charges and transportation | 15,357,025 | 15,327,097 | 3,998,051 | 7,168,623 |
| | Write off for stores, consumables and packing | 21,170,571 | - | 13,542,674 | - |
| | Other expenses | 6,304,877 | 12,497,011 | 2,069,501 | 5,257,844 |
| | | **75,005,796** | **48,155,991** | **33,365,491** | **18,964,339** |

| | | 30 Sep 2018<br>Taka | 30 Sep 2017<br>Taka | July to Sep 2018<br>Taka | July to Sep 2017<br>Taka |
|---|---|---|---|---|---|
| **24** | **Other income** | | | | |
| | Dividend income | 200 | 200 | - | - |
| | Miscellaneous income | 145,270 | 142,877 | 48,583 | 112,369 |
| | Rental income | 6,345,002 | 10,133,002 | 2,115,001 | 2,115,001 |
| | Profit on sale of fixed assets | 3,909 | - | 3,909 | - |
| | | **6,494,381** | **10,276,079** | **2,167,493** | **2,227,370** |
| **25** | **Administrative expenses** | | | | |
| | Staff cost (note-25.1) | 141,567,769 | 126,407,859 | 48,689,041 | 41,852,786 |
| | Annual General Meeting expenses | 14,702,256 | 11,670,703 | 596,427 | 1,521,287 |
| | Telephone and postage | 3,010,837 | 2,762,955 | 804,466 | 989,273 |
| | Office repair and maintenance (note 25.2) | 7,323,545 | 9,290,750 | 2,200,309 | 5,478,957 |
| | Registration and renewal | 1,357,591 | 1,221,850 | 484,427 | 479,488 |
| | Security and guard expenses | 8,707,468 | 9,596,537 | 3,260,921 | 2,966,999 |
| | Electricity, gas and water | 4,939,082 | 4,584,645 | 1,640,941 | 2,436,420 |
| | Depreciation on property, plant & equipment (note - 5.2) | 28,026,814 | 26,109,495 | 9,703,255 | 9,021,007 |
| | Depreciation on investment property (5.2) | 7,877,434 | 6,210,857 | 2,654,666 | 2,654,666 |
| | Amortisation | 3,964,172 | 3,884,346 | 1,480,441 | 1,175,806 |
| | Legal and professional fees | 5,343,657 | 5,834,082 | 1,914,997 | 1,371,497 |
| | Vehicle repair and maintenance | 7,971,977 | 8,563,518 | 2,839,353 | 3,071,712 |
| | Rent, rate and tax | 5,751,269 | 5,101,383 | 1,291,684 | 962,139 |
| | CSR expenses | - | 6,137,500 | (12,500) | 637,500 |
| | IT expenses | 3,613,423 | 5,689,772 | 1,045,113 | 3,330,213 |
| | General Servicing | 6,794,087 | 5,924,313 | 2,080,217 | 1,816,977 |
| | Donation | 3,432,137 | 1,771,600 | 390,000 | 453,000 |
| | Managing Director's remuneration (note-25.3) | 27,608,561 | 35,217,294 | 8,340,849 | 11,616,554 |
| | Technical consultancy & others | 4,355,987 | 2,950,072 | 1,665,695 | 610,137 |
| | | **286,348,066** | **278,929,531** | **91,070,302** | **92,446,418** |
| **25.1** | **Staff cost** | | | | |
| | Salary & wages | 102,595,592 | 88,149,604 | 34,924,731 | 30,273,400 |
| | Bonus | 15,664,314 | 11,966,408 | 4,622,171 | 4,208,207 |
| | Incentive | 311,969 | 377,581 | 50,000 | 6,852 |
| | Gratuity | 5,872,267 | 6,169,912 | 1,998,496 | 2,128,244 |
| | Employer's contribution to provident fund | 5,772,687 | 4,917,901 | 1,961,959 | 1,693,538 |
| | Leave encashment | 1,106,025 | 4,311,005 | 410,529 | 1,489,866 |
| | Group life insurance | 548,491 | 674,962 | 232,266 | 257,231 |
| | Canteen and conveyance expenses | 5,173,954 | 4,800,451 | 2,452,165 | 754,138 |
| | Staff uniform expenses | 839,216 | 1,398,228 | 215,017 | 240,966 |
| | Travelling expenses | 2,681,756 | 1,973,280 | 1,321,322 | 243,355 |
| | Medical expenses | 843,278 | 1,338,101 | 447,645 | 446,303 |
| | Other employee benefit | 158,220 | 330,426 | 52,740 | 110,686 |
| | | **141,567,769** | **126,407,859** | **48,689,041** | **41,852,786** |
| **25.2** | **Office repair & maintenance** | | | | |
| | Repairs office equipment | 85,231 | 856,807 | 25,900 | 748,435 |
| | Office maintenance | 7,238,314 | 8,433,943 | 2,174,409 | 4,730,522 |
| | | **7,323,545** | **9,290,750** | **2,200,309** | **5,478,957** |
| **25.3** | **Managing Director's remuneration** | | | | |
| | Provision made during the period | 27,608,561 | 35,217,294 | 8,340,849 | 11,616,554 |
| | | **27,608,561** | **35,217,294** | **8,340,849** | **11,616,554** |

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

| | | 30 Sep 2018<br>Taka | 30 Sep 2017<br>Taka | July to Sep 2018<br>Taka | July to Sep 2017<br>Taka |
|---|---|---|---|---|---|
| **26** | **Marketing & selling expenses** | | | | |
| | Staff cost (note-26.1) | 39,366,198 | 29,007,981 | 13,497,684 | 10,305,997 |
| | Advertisement | 8,118,915 | 4,382,897 | 1,027,010 | 1,550,587 |
| | Freight and transportation | 198,423,074 | 201,644,868 | 69,990,717 | 59,340,810 |
| | Performance rebates (note-26.3) | 347,899,414 | 263,525,450 | 119,875,646 | 107,617,231 |
| | Business promotion | 23,070,617 | 33,651,835 | 6,581,199 | 16,321,925 |
| | Depreciation | 1,516,495 | 1,516,495 | 511,053 | 511,053 |
| | Showroom & office rent | 12,576,600 | 11,453,312 | 4,143,436 | 3,833,547 |
| | Discount | 6,382,762 | 3,885,278 | 2,263,598 | - |
| | Travel, entertainment and others | 5,881,015 | 7,600,892 | 1,812,563 | 2,046,369 |
| | | **643,235,090** | **556,669,008** | **219,702,906** | **201,527,519** |
| **26.1** | **Staff cost** | | | | |
| | Salary & wages | 27,416,874 | 21,927,411 | 9,574,288 | 7,941,938 |
| | Bonus | 3,106,660 | 2,371,244 | 1,050,016 | 829,164 |
| | Incentive | 1,070,293 | 33,205 | 165,300 | - |
| | Gratuity | 1,710,796 | 1,645,013 | 601,191 | 599,302 |
| | Employer's contribution to provident fund | 1,674,975 | 1,309,916 | 586,968 | 476,341 |
| | Leave Encashment | 319,660 | 300,848 | 122,116 | - |
| | Group life insurance | 151,581 | 116,448 | 70,569 | 37,869 |
| | Conveyance & food expenses | 3,915,359 | 1,303,896 | 1,327,236 | 421,383 |
| | | **39,366,198** | **29,007,981** | **13,497,684** | **10,305,997** |

**26.2** Salary & wages under staff cost (note no. 23.1.1, 25.1 & 26.1) includes employee contribution to provident fund for BDT. 16,056,025, BDT. 5,772,687 & BDT. 1,674,975.

| | | | | | |
|---|---|---|---|---|---|
| **26.3** | **Performance rebates** | | | | |
| | Compensation to customer | 4,949,480 | 6,983,082 | 1,348,169 | 2,225,303 |
| | Dealers' commission | 92,990,959 | 99,246,262 | 30,848,423 | 33,205,598 |
| | Breakage commission | 102,678,556 | 100,508,596 | 35,469,142 | 35,652,348 |
| | Dealers' incentive and bonus | 147,280,419 | 56,787,510 | 52,209,912 | 36,533,983 |
| | | **347,899,414** | **263,525,450** | **119,875,646** | **107,617,231** |
| **27** | **Finance income** | | | | |
| | Interest on bank account (SND) | 4,090,085 | 2,973,855 | 641,608 | 1,452,638 |
| | Interest on FDR | 24,313,831 | 5,661,373 | 1,758,863 | 751,501 |
| | Un-winding gain | 4,426,511 | - | 4,426,511 | |
| | | **32,830,427** | **8,635,228** | **6,826,982** | **2,204,139** |
| **28** | **Financial expenses** | | | | |
| | Interest expenses | 28,899,351 | 34,915,299 | 9,100,776 | 10,732,503 |
| | Foreign exchange loss | 208,915 | 40,247,643 | (1,980,583) | 7,071,766 |
| | Bank charges | 3,437,070 | 2,919,608 | 395,182 | 1,526,887 |
| | | **32,545,336** | **78,082,550** | **7,515,375** | **19,331,156** |
| **29** | **Contribution to worker's profit participation and welfare fund** | | | | |
| | Provision made during the period | 40,720,592 | 51,942,912 | 12,302,137 | 17,133,560 |
| | | **40,720,592** | **51,942,912** | **12,302,137** | **17,133,560** |
| **30** | **Current tax** | | | | |
| | Current period | 221,636,978 | 268,593,324 | 69,763,313 | 86,177,685 |
| | | **221,636,978** | **268,593,324** | **69,763,313** | **86,177,685** |

**31 Reconciliation of effective tax rate**

| | | 30 Sep 2018<br>Taka | | 30 Sep 2017<br>Taka |
|---|---|---|---|---|
| Profit before tax | % | 835,048,437 | % | 1,062,676,023 |
| Current tax expenses | 26.54% | 221,636,978 | 25.28% | 268,593,324 |
| Deferred tax expenses | 1.58% | 13,153,756 | 3.49% | 37,070,845 |
| Total tax expenses | 28.12% | 234,790,734 | 28.76% | 305,664,169 |
| Expected income tax using applicable tax rate for individual company | 28.25% | 235,889,121 | 27.67% | 294,051,125 |
| Tax on non-deductible expenses | -1.7% | (14,252,143) | -2.4% | (25,457,801) |
| Effective current tax | 26.54% | 221,636,978 | 25.28% | 268,593,324 |
| Effective deferred tax | 1.58% | 13,153,756 | 3.49% | 37,070,845 |
| | 28.12% | 234,790,734 | 28.76% | 305,664,169 |

## 32 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

### 32.1 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 2018 | As at 31 Dec 2017 | As at 30 Sep 2018 | As at 31 Dec 2017 |
| Trade receivables | | | | |
| Customer-Local | - | - | 725,772,426 | 512,343,198 |
| Customer-Export | 31,032 | 19,880 | 2,567,918 | 1,634,136 |
| | **31,032** | **19,880** | **728,340,344** | **513,977,334** |
| Other receivables | | | | |
| Accrued Interest | | | 1,322,819 | 4,778,054 |
| Accrued rental income | | | 4,140,002 | 2,070,000 |
| Receivable against disposal of investment | | | - | 69,598,489 |
| | | | **5,462,821** | **76,446,543** |
| Cash equivalents | | | **447,976,082** | **1,376,727,502** |

#### b) Ageing of receivables

The ageing of trade receivables as at 30 Sep was:

| | Amounts in Taka | |
|---|---|---|
| | As at 30 Sep 2018 | As at 31 Dec 2017 |
| Not past due | 552,773,425 | 476,203,022 |
| 0-90 days past due | 132,104,047 | - |
| 91-180 days past due | 28,644,859 | 30,428,907 |
| 181-365 days past due | 14,818,012 | 7,345,405 |
| | **728,340,344** | **513,977,334** |

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## 32.2 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 Sep 2018 | | | |
|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Within 12 months or less | More than 12 months |
| | Taka | Taka | Taka | Taka |
| Trade and other payables | 482,044,085 | 482,044,085 | 482,044,085 | - |
| Term loan (foreign) | 430,190,578 | 430,190,578 | 275,208,632 | 154,981,946 |
| | **912,234,663** | **912,234,663** | **757,252,717** | **154,981,946** |

| | 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** |

## 32.3 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 Sep 2018 | | | | As at 31 December 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | AED | GBP | USD | EURO | AED | GBP | USD | EURO |
| **Foreign currency denominated assets** | | | | | | | | |
| Receivable from customers-Export | - | - | 31,032 | - | - | - | 19,880 | - |
| Cash at bank | - | - | 137,085 | - | - | - | 126,700 | - |
| | - | - | **168,117** | - | - | - | **146,580** | - |

| | As at 30 Sep 2018 | | | | As at 31 December 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | AED | GBP | USD | EURO | AED | GBP | USD | EURO |
| **Foreign currency denominated liabilities** | | | | | | | | |
| Trade payables | - | 95,888 | 1,900,054 | 183,913 | 6,349 | 93,585 | 2,615,356 | 740,046 |
| Short term borrowings | - | - | - | - | - | - | 2,907,638 | 142,880 |
| Term loan | - | - | 5,136,604 | - | - | - | 7,606,100 | - |
| Royalty & Technical Fees | - | - | 3,046,007 | - | - | - | 2,305,918 | - |
| | - | 95,888 | 10,082,665 | 183,913 | 6,349 | 93,585 | 15,435,011 | 882,926 |
| Net exposure | - | **(95,888)** | **(9,914,548)** | **(183,913)** | **(6,349)** | **(93,585)** | **(15,288,432)** | **(882,926)** |

The Company has foreign exchange loss of Tk 208,915 during the period ended 30 June 2018 (30 Sep 2017: Exchange loss Tk 40,247,643).

The following significant exchange rates have been applied:

| | Exchange rate as at (Average) | |
|---|---|---|
| | 30 Sep 2018 | 31 Dec 2017 |
| | Taka | Taka |
| AED | 22.7003 | 22.4659 |
| GBP | 109.9379 | 111.0252 |
| USD | 83.2500 | 82.7000 |
| EURO | 97.9761 | 104.7878 |
| JPY | 0.7408 | 0.7316 |

**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 30 Sep would have increased/(decreased) profit or loss by the amounts shown below.

| | As at 30 Sep 2018 | | As at 31 December 2017 | |
|---|---|---|---|---|
| | Profit or (loss) | | Profit or (loss) | |
| | Strengthening | Weakening | Strengthening | Weakening |
| | Taka | Taka | Taka | Taka |
| **At 30 September** | | | | |
| AED (3 percent movement) | - | - | (196) | 185 |
| GBP (3 percent movement) | (2,966) | 2,793 | (2,894) | 2,726 |
| USD (3 percent movement) | (306,635) | 288,773 | (472,838) | 445,294 |
| EURO (3 percent movement) | (5,688) | 5,357 | (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 was:

| | Carrying amount | |
|---|---|---|
| | As at 30 Sep 2018 | As at 31 December 2017 |
| | Taka | Taka |
| **Fixed rate instruments** | | |
| **Financial assets** | | |
| Investment in FDR | 96,467,169 | 597,589,914 |
| Cash at banks | 351,508,913 | 779,137,588 |
| **Financial liabilities** | | |
| Term loan (Foreign) | 430,190,578 | 632,827,493 |
| Bank overdraft | - | 18,244,255 |
| Short term borrowing (foreign) | - | 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 30 Sep 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 | 96,467,169 | 96,467,169 | 597,589,914 | 597,589,914 |
| **Loans and receivables** | | | | |
| Trade receivables | 728,340,344 | 728,340,344 | 513,977,334 | 513,977,334 |
| Other receivables | 5,462,821 | 5,462,821 | 76,446,543 | 76,446,543 |
| Cash equivalents | 447,976,082 | 447,976,082 | 1,376,727,502 | 1,376,727,502 |
| **Financial liabilities** | | | | |
| **Liabilities carried at amortised costs** | | | | |
| Term loan | 430,190,578 | 430,190,578 | 632,827,493 | 632,827,493 |
| Bank overdraft | - | - | 18,244,255 | 18,244,255 |
| Trade and other payables | 482,044,085 | 482,044,085 | 573,706,416 | 573,706,416 |
| Short term borrowing (foreign) | - | - | 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:

| | 30 Sep 2018 | 31 December 2017 |
|---|---|---|
| Investment in FDR | 1.95%-6.00% | 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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**33** Related party disclosures under IAS-24

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

Amounts in Taka

| Name of related party | Relationship | Security/ Gurantee status | Bad debts Status | Period | Purchase of goods/services | Sale of goods/services | Outstanding receivables/Advance | Outstanding payable | Remuneration | Dividend income |
|---|---|---|---|---|---|---|---|---|---|---|
| RAK Power Pvt. Ltd | Subsidiary | Unsecured | Nil | Current | 293,430,966 | 4,683,443 | 4,683,443 | 98,030,344 | - | 81,999,600 |
| | | | | Previous | 283,669,366 | 4,495,617 | 4,495,617 | 64,245,698 | - | 81,999,600 |
| RAK Security & Services Pvt. Ltd | Subsidiary | Unsecured | Nil | Current | 72,319,896 | - | - | 21,272,539 | - | 3,960,000 |
| | | | | Previous | 78,783,778 | - | - | 15,191,975 | - | 1,980,000 |
| RAK Ceramics - UAE | Parent | Unsecured | Nil | Current | 15,301,057 | - | - | 33,073,384 | - | - |
| | | | | Previous | 21,726,261 | - | 2,826,359 | 24,358,865 | - | - |
| Ceramin FZ LLC | Fellow subsidiary | Unsecured | Nil | Current | 398,219,544 | - | - | 45,809,701 | - | - |
| | | | | Previous | 350,970,689 | - | - | 23,968,598 | - | - |
| Julphar Pharmaceuticals Ltd. | Other related party | Unsecured | Nil | Current | - | 3,645,000 | 2,430,000 | - | - | - |
| | | | | Previous | - | 7,533,000 | 2,025,000 | - | - | - |
| RAK Paints Pvt. Ltd. | Other related party | Unsecured | Nil | Current | 1,358,061 | 2,700,000 | 1,710,000 | - | - | - |
| | | | | Previous | 784,313 | 2,470,000 | 570,000 | - | - | - |
| Kea Printing & Packaging Industries | Other related party | Unsecured | Nil | Current | 51,843,801 | - | - | 5,333,453 | - | - |
| | | | | Previous | 86,914,487 | - | - | 5,221,308 | - | - |
| Palli Properties Pte. Ltd | Other related party | Unsecured | Nil | Current | 12,632,406 | - | - | - | - | - |
| | | | | Previous | 13,863,390 | - | - | - | - | - |
| Sky Bird Travel Agents Pvt. Ltd. | Other related party | Unsecured | Nil | Current | 1,894,230 | - | - | - | - | - |
| | | | | Previous | 4,053,324 | - | - | - | - | - |
| Green Planet Communications | Other related party | Unsecured | Nil | Current | 8,826,250 | - | - | 591,486 | - | - |
| | | | | Previous | 8,908,893 | - | - | 699,370 | - | - |
| Global Business Associates Ltd. | Other related party | Unsecured | Nil | Current | 75,034 | - | - | - | - | - |
| | | | | Previous | 551,102 | - | - | 156,211 | - | - |
| Pelikan Plastic & Packing Pvt. Ltd. | Other related party | Unsecured | Nil | Current | 97,662,079 | - | - | 7,772,318 | - | - |
| | | | | Previous | 88,586,933 | - | - | 12,055,122 | - | - |
| Mohammed Trading | Other related party | Secured by Guaranted Cheque | Nil | Current | - | 1,680,472,064 | 436,307,574 | - | - | - |
| | | | | Previous | - | 1,745,042,913 | 379,808,079 | - | - | - |
| S.A.K. Ekramuzzaman | Key Management Personnel | Unsecured | Nil | Current | 1,644,966 | - | - | 27,608,561 | 27,608,561 | - |
| | | | | Previous | 1,644,966 | - | - | 35,217,294 | 35,217,294 | - |
| Imtiaz Hussain | Key Management Personnel | Unsecured | Nil | Current | - | - | - | - | 7,960,776 | - |
| | | | | Previous | - | - | - | - | 8,021,148 | - |

**33.1** 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.

**33.2** Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 27,608,561.

During the period, Board meeting fees of Taka 175,000 was paid to the board members for attending the Board meetings.

## 34 Segment reporting

The company has three reportable segments which offer different products and services and are managed separately 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 2018**

| | Business Segments | | | | |
|---|---|---|---|---|---|
| | Ceramic & sanitary ware | Power | Security and Services | Inter segment | Entity total |
| | Taka | Taka | Taka | Taka | Taka |
| Revenue - external customers | 4,955,491,492 | - | 47,884,480 | - | 5,003,375,972 |
| Revenue - inter segment | - | 293,430,966 | 73,411,972 | (366,842,938) | - |
| Total segment revenue | 4,955,491,492 | 293,430,966 | 121,296,452 | (366,842,938) | 5,003,375,972 |
| Cost of sales- external customer | (2,919,524,427) | (180,164,552) | (105,114,279) | - | (3,204,803,259) |
| Cost of sales- inter segment | (365,750,862) | (5,775,519) | - | 371,526,381 | - |
| Total segment cost of sales | (3,285,275,289) | (185,940,071) | (105,114,279) | 371,526,381 | (3,204,803,259) |
| Gross profit | 1,670,216,203 | 107,490,895 | 16,182,173 | - | 1,798,572,713 |
| Other income | - | 149,179 | | | 149,179 |
| Dividend income | 85,959,600 | 40,000 | 200 | (85,999,600) | 200 |
| Rental income | 11,028,445 | - | - | (4,683,443) | 6,345,002 |
| Financial income | 27,276,880 | 1,063,580 | 63,456 | - | 28,403,916 |
| Financial expenses | (30,231,560) | (2,307,026) | (6,750) | - | (32,545,336) |
| Depreciation | (303,476,354) | (13,349,603) | (235,227) | - | (317,061,184) |
| Other operating expenses | (646,361,381) | 6,548,143 | (13,429,325) | - | (653,242,563) |
| Segment profit before tax | 814,411,832 | 99,635,170 | 2,574,527 | - | 835,048,437 |
| Income tax expense | (187,858,140) | (33,053,986) | (724,852) | - | (221,636,978) |
| Deferred tax | (15,008,097) | 1,854,341 | - | - | (13,153,756) |
| Non -Controlling interest | - | 334 | 0.09 | - | 334 |
| Profit for the period | | | | | 600,257,369 |

**30 Sep 2017**

| | Business Segments | | | | |
|---|---|---|---|---|---|
| | Ceramic & sanitary ware | Power | Security and services | Inter segment | Entity total |
| | Taka | Taka | Taka | Taka | Taka |
| Revenue - external customers | 4,902,516,337 | 2,740,415 | 58,271,163 | - | 4,963,527,914 |
| Revenue - inter segment | - | 283,669,366 | 80,257,484 | (363,926,850) | - |
| Total segment revenue | 4,902,516,337 | 286,409,781 | 138,528,647 | (363,926,850) | 4,963,527,914 |
| Cost of sales- external customer | (2,663,130,152) | (176,281,996) | (114,727,047) | - | (2,954,139,195) |
| Cost of sales- inter segment | (362,453,144) | (5,969,323) | - | 368,422,467 | - |
| Total segment cost of sales | (3,025,583,298) | (182,251,318) | (114,727,047) | 368,422,467 | (2,954,139,197) |
| Gross profit | 1,876,933,039 | 104,158,463 | 23,801,600 | - | 2,009,388,717 |
| 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 | (308,202,799) | (13,596,204) | (284,932) | - | (322,083,935) |
| Other operating expenses | (558,656,703) | 6,048,550 | (12,849,367) | - | (565,457,520) |
| Segment profit before tax | 1,038,858,243 | 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 |

DHAKA STOCK

| | | 30 Sep 2018<br>Taka | 30 Sep 2017<br>Taka |
|---|---|---|---|
| **35** | **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 | **600,257,369** | **757,011,529** |
| | No. of ordinary equity shares | **389,062,456** | **389,062,456** |
| | Weighted average no. of equity shares outstanding (Note 35.1) | **389,062,456** | **389,062,456** |
| | Earnings per share (EPS) for the period | **1.54** | **1.95** |
| | Diluted earnings per share for the period | **1.54** | **1.95** |
| | Net assets value per share | **17.23** | **17.51** |
| | Net operating cash flow per share | **0.06** | **2.82** |

**35.1 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.

| | 30 Sep 2018 | 30 Sep 2017 |
|---|---|---|
| Outstanding shares | 353,693,141 | 353,693,141 |
| Effect of issue of bonus shares for the year 2017 | 35,369,315 | 35,369,315 |
| | **389,062,456** | **389,062,456** |

**35.2 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.

**35.3 Reason of deviation of earnings per share:**

Though there was no significant increase in the revenue of the company as compared to previous period, the costs was higher, which resulted in a reduction of net profit for the period.

Increase in COGS for BDT. 250.66 mio mainly due to increase in landed cost of raw material, write off value of obsolete spares and increment in direct wages. Increase in marketing, selling and admin expenses for BDT. 93.99 mio due to additional cash incentive to dealers and staff costs increments.

**35.4 Reason of deviation of net operating cash flow per share:**

The company decided to provide extended credit facilities to its dealers, in the process trade receivables have increased for BDT. 214.36 mio and cash inflow decreased. Purchase also increased BDT. 760.09 mio during the period, in terms of quantity and value. Due to monsoon, advance procurement of imported goods as well as increase in landed cost of raw material which has resulted in more outflow of cash.