

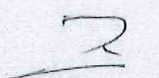
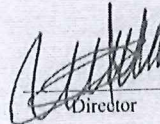
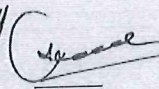
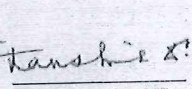
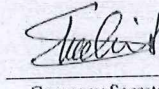
RAK Ceramics (Bangladesh) Limited

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

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		<u>4,013,712,680</u>	<u>4,143,466,907</u>
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		<u>7,689,982,781</u>	<u>7,647,882,435</u>
Total assets		<u>11,703,695,461</u>	<u>11,791,349,342</u>
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		<u>6,702,599,587</u>	<u>6,456,035,359</u>
Non-controlling interests		1,458	1,524
Total equity		<u>6,702,601,045</u>	<u>6,456,036,883</u>
Liabilities			
Borrowings	18	154,981,946	359,163,292
Deferred tax liability	16	191,967,516	178,813,760
Total non-current liabilities		<u>346,949,462</u>	<u>537,977,052</u>
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		<u>4,654,144,954</u>	<u>4,797,335,407</u>
Total liabilities		<u>5,001,094,416</u>	<u>5,335,312,459</u>
Total equity and liabilities		<u>11,703,695,461</u>	<u>11,791,349,342</u>

The accompanying notes are an integral part of these financial statements

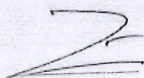
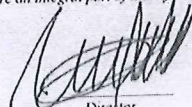
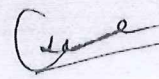
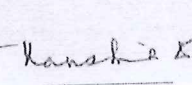
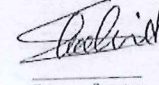
 Managing Director	 Director	 Director	 Chief Financial Officer	 Company Secretary
--	---	---	---	--

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	(613,235,090)	(556,669,608)	(219,702,906)	(201,527,519)
		(923,088,775)	(825,322,460)	(308,605,715)	(291,746,560)
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		(13,153,756)	(37,070,845)	(4,900,017)	(19,191,647)
Deferred tax	16	(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			Non-controlling interests	Total equity	
	Share capital Taka	Share Premium Taka	Retained earnings Taka			Total 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	<u>3,536,931,410</u>	<u>1,473,647,979</u>	<u>1,184,455,800</u>	<u>6,195,035,189</u>	<u>1,426</u>	<u>6,195,036,615</u>
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	<u>3,890,624,560</u>	<u>1,473,647,979</u>	<u>1,338,327,048</u>	<u>6,702,599,587</u>	<u>1,458</u>	<u>6,702,601,045</u>

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

	<u>30 Sep 2018</u>	<u>30 Sep 2017</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	4,752,553,609	4,955,643,806
Cash payments to suppliers and employees	<u>(4,515,656,118)</u>	<u>(3,698,916,014)</u>
Cash generated from operating activities	<u>236,897,491</u>	<u>1,256,727,793</u>
Interest received from bank deposit	4,090,085	2,973,855
Income tax paid	<u>(215,753,014)</u>	<u>(260,518,444)</u>
<i>Net cash (used in)/from operating activities (note-36.1)</i>	<u>25,234,562</u>	<u>999,183,204</u>
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
<i>Net cash (used in)/from investing activities</i>	<u>(85,197,952)</u>	<u>(157,498,245)</u>
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)
<i>Net cash (used in)/from financing activities</i>	<u>(871,562,819)</u>	<u>(792,497,829)</u>
Effect of exchange rate changes in cash and cash equivalents	365,333	199,553
Net increase/(decrease) in cash and cash equivalents	<u>(931,160,876)</u>	<u>49,386,684</u>
Cash and cash equivalents as at 01 January	<u>1,382,359,206</u>	<u>802,643,479</u>
Cash and cash equivalents as at 30 September (Note 12)	<u>451,198,330</u>	<u>852,030,162</u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements as at and for the period ended 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, Sector # 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, amendments 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 conform to current period's presentation.

4 Property, plant and equipment

30 Sep 2018

Amounts in Taka

Particulars	C O S T			D E P R E C I A T I O N					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	C O S T			D E P R E C I A T I O N					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	45,559,497	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			Rate	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 01 Jan 2018	Charged during the period	Adjustment during the period	
Land ¹	500,571,750	-	-		-	-	-	500,571,750
Office building ²	210,636,382	-	-	5%	9,526,255	7,877,434	-	193,232,693
	711,208,132	-	-		9,526,255	7,877,434	-	693,804,443

31 Dec 2017

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Dec 2017
	Balance as at 01 Jan 2017	Addition during the year	Sale/disposal during the year		Balance as at 01 Jan 2017	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-		-	-	-	500,571,750
Office building ²	4,432,737	206,203,645	-	5%	660,732	8,865,523	-	201,110,127
Total	505,004,487	206,203,645	-		660,732	8,865,523	-	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 municipal valuation of the property has fairly remained unchanged, the company has adopted the transaction value as the fair value of the property.

	<u>30 Sep 2018</u> Taka	<u>30 Sep 2017</u> 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
	<u>317,061,183</u>	<u>322,083,935</u>
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
	<u>35,904,248</u>	<u>32,320,352</u>

5.3 Disposal of property, plant and equipment

30 Sep 2018

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

	<u>30 Sep 2018</u> Taka	<u>31 Dec 2017</u> Taka
6 Intangible assets		
Balance as at 1 January	5,429,027	6,740,159
Add: Addition during the period	<u>11,950,323</u>	<u>6,925,458</u>
	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	-	<u>2,648,738</u>
Balance as at 30 September	<u><u>13,415,178</u></u>	<u><u>5,429,027</u></u>
6.1 Amortisation charged on the basis of the purpose of use		
Administrative expenses (Note - 25)	<u>3,964,172</u>	<u>5,587,852</u>
	<u><u>3,964,172</u></u>	<u><u>5,587,852</u></u>
7 Capital Work-in-Progress		
Balance as at 1 January	41,415,719	28,726,284
Add: Addition during the period	<u>140,304,087</u>	<u>444,202,680</u>
	181,719,806	472,928,964
Less: Transfer to property, plant & equipment and IP during the period (note 7.1)	<u>106,072,850</u>	<u>431,513,245</u>
Balance as at 30 September	<u><u>75,646,956</u></u>	<u><u>41,415,719</u></u>
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
	<u>106,072,850</u>	<u>431,513,245</u>
8 Inventories		
Raw materials	1,022,328,831	655,088,511
Stores and consumables spares	<u>1,092,224,673</u>	<u>1,098,231,281</u>
Less : Write off for stores, consumables and packing during the period	<u>21,170,571</u>	-
	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	<u>115,630,776</u>	<u>169,858,236</u>
	<u><u>3,111,227,562</u></u>	<u><u>2,533,703,266</u></u>

	30 Sep 2018	31 Dec 2017
	Taka	Taka
9 Trade and other receivables		
Trade receivables (Note 9.1)	728,340,344	513,977,334
	<u>728,340,344</u>	<u>513,977,334</u>
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
	<u>733,803,165</u>	<u>590,423,877</u>
9.1 Trade receivables		
Receivables from local sales	725,772,426	512,343,198
Receivables from export sales	2,567,918	1,634,136
	<u>728,340,344</u>	<u>513,977,334</u>
9.2 Accrued interest		
Interest accrued on FDR and SND	1,322,819	4,778,054
	<u>1,322,819</u>	<u>4,778,054</u>
10 Advance, deposit and prepayments		
Advances:		
Employees	114,500	12,506
Land advance & others	6,455,875	1,942,829
Suppliers against 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
Mymensingh 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
	<u>346,376,707</u>	<u>309,772,083</u>

	<u>30 Sep 2018</u>	<u>31 Dec 2017</u>
	<u>Taka</u>	<u>Taka</u>
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
	<u>1,358,104,245</u>	<u>1,896,178,360</u>
Add: Receivable - SD & VAT	124,817	-
	<u>1,358,229,063</u>	<u>1,896,178,360</u>
Less: SD & VAT on sales	1,324,074,150	1,843,007,696
Payable- SD & VAT	-	10,092,597
Others payable	1,954,515	-
	<u>1,326,028,664</u>	<u>1,853,100,292</u>
Balance as at 30 September	<u><u>32,200,398</u></u>	<u><u>43,078,066</u></u>
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)	<u><u>3,047,377,017</u></u>	<u><u>2,831,624,003</u></u>
11.1 Payment for the period		
<u>Incone year</u>		
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
	<u><u>3,047,377,017</u></u>	<u><u>2,831,624,003</u></u>

	<u>30 Sep 2018</u>	<u>31 Dec 2017</u>
	<u>Taka</u>	<u>Taka</u>
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	-
	<u>304,483,432</u>	<u>733,879,731</u>
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
	<u>6,638,504</u>	<u>6,654,092</u>
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	-
	<u>40,386,977</u>	<u>38,603,765</u>
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
	<u>96,467,169</u>	<u>597,589,914</u>
Total	<u>451,198,330</u>	<u>1,382,359,206</u>

	30 Sep 2018	31 Dec 2017
	Taka	Taka
13 Share Capital		
Authorised :		
600,000,000 ordinary shares of Taka 10/- each	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued, subscribed, called and paid up :		
389,062,456 ordinary shares of Taka 10/- each	<u>3,890,624,560</u>	<u>3,536,931,410</u>

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
	<u>100.00</u>	<u>3,890,624,560</u>	<u>100.00</u>	<u>3,536,931,410</u>

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
	<u>33,948</u>	<u>34,926</u>	<u>389,062,456</u>	<u>353,693,141</u>

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	31 Dec 2017
		Taka	Taka
10000000	30	300,000,000	300,000,000
34510000	38	<u>1,311,380,000</u>	<u>1,311,380,000</u>
		1,611,380,000	1,611,380,000
		<u>137,732,021</u>	<u>137,732,021</u>
Less : Share issue expenses		<u>1,473,647,979</u>	<u>1,473,647,979</u>
	Total		

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
	<u>2,045,713,339</u>	<u>2,287,582,492</u>
Less: Dividend declared during the period	(707,386,291)	(842,126,522)
Balance as on 30 September	<u>1,338,327,049</u>	<u>1,445,455,970</u>

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

	30 Sep 2018	31 Dec 2017
	Taka	Taka
16 Deferred tax liabilities		
Balance as at 1 January	178,813,760	128,416,223
Less : Deferred tax (income)/expenses	<u>13,153,756</u>	<u>50,397,537</u>
Balance as at 30 September	<u><u>191,967,516</u></u>	<u><u>178,813,760</u></u>
	Carrying amount on the date of statement of financial position Taka	Taxable/ (deductible) temporary difference Taka
	Taka	Taka
As at 30 September 2018		
Property, plant and equipment (Excluding land and others)	3,007,516,592	2,277,352,629
Net taxable temporary difference		<u>730,163,963</u>
Deferred tax liability (applying applicable tax rate for individual company)		<u><u>730,163,963</u></u>
		<u><u>191,967,516</u></u>
As at 31 December 2017		
Property, plant and equipment (Excluding land and others)	3,168,964,476	2,493,534,782
Net taxable temporary difference		<u>675,429,694</u>
Deferred tax liability (applying applicable tax rate for individual company)		<u><u>675,429,694</u></u>
		<u><u>178,813,760</u></u>
17 Employees benefits payable		
Provident fund	6,047,141	-
Gratuity fund	<u>24,499,323</u>	<u>-</u>
	<u><u>30,546,463</u></u>	<u><u>-</u></u>
	2018	
	Provident fund	Gratuity fund
	Taka	Taka
Balance as at 1 January	-	-
Add: Provision made during the period	46,559,048	24,824,509
	<u>46,559,048</u>	<u>24,824,509</u>
Less: Payments made to fund during the period	40,511,908	325,186
Balance as at 30 September	<u><u>6,047,141</u></u>	<u><u>24,499,323</u></u>
	2017	
	Provident fund	Gratuity fund
	Taka	Taka
Balance as at 1 January	362,708	3,096,075
Add: Provision made during the year	54,249,201	35,231,317
	<u>54,611,909</u>	<u>38,327,392</u>
Less: Payments made to fund during the year	54,611,909	38,327,392
Balance as at 31 December	<u><u>-</u></u>	<u><u>-</u></u>
18 Borrowings		
Non-current:		
Term loan	430,190,578	632,827,493
Current portion of term loan	<u>(275,208,632)</u>	<u>(273,664,201)</u>
	<u><u>154,981,946</u></u>	<u><u>359,163,292</u></u>
Current:		
Bank overdrafts	-	18,244,255
Short-term borrowings	-	256,253,582
Current portion of term loan	<u>275,208,632</u>	<u>273,664,201</u>
	<u><u>275,208,632</u></u>	<u><u>548,162,038</u></u>
Balance as at 30 September	<u><u>430,190,578</u></u>	<u><u>907,325,330</u></u>

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
	<u>275,208,631</u>	<u>153,137,836</u>	<u>1,844,110</u>	<u>430,190,578</u>
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
	<u>548,162,038</u>	<u>271,747,942</u>	<u>87,415,349</u>	<u>907,325,330</u>

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.	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	3) Hypothecation over stock & book debts on a parri - passu basis with other lenders. 4) Demand promissory note.	
	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

Trade payables

Payable to local suppliers	
Payable to foreign suppliers	
Payable to service provider	
Payable to C & F agent	

30 Sep 2018
Taka

31 Dec 2017
Taka

78,585,689	111,055,661
187,852,534	300,313,790
13,085,163	19,727,182
11,472,323	9,810,933
<u>290,995,709</u>	<u>440,907,566</u>

Other payables

Tax deducted at source	
VAT deducted at source	
Dividend Payable	
Unclaimed share application	
Advance from customer against sales	
Security deposit payable	
Payable to employee for trade	
Provisional liabilities - material & services	

16,007,436	23,849,402
5,908,253	10,889,659
39,610,975	37,854,265
20,818,916	20,838,116
7,730,686	22,186,510
1,650,201	1,624,862
539,735	326,468
98,782,175	15,229,568
<u>191,048,377</u>	<u>132,798,850</u>
<u>482,044,085</u>	<u>573,706,416</u>

	30 Sep 2018	31 Dec 2017
	<u>Taka</u>	<u>Taka</u>
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
	<u>423,056,377</u>	<u>447,661,843</u>
20.1 Managing Director's remuneration		
Balance as at 1 January	45,725,178	40,911,795
Add: Provision made during the period	<u>27,608,561</u>	<u>45,725,177</u>
	73,333,739	86,636,972
Less: Paid to Managing Director during the period	<u>45,725,177</u>	<u>40,911,795</u>
Balance as at 30 September	<u>27,608,562</u>	<u>45,725,177</u>
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	<u>40,720,592</u>	<u>67,441,264</u>
	108,161,856	128,497,430
Less: Payment made from the fund during the period	<u>67,441,264</u>	<u>61,056,166</u>
Balance as at 30 September	<u>40,720,592</u>	<u>67,441,264</u>
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	<u>65,152,946</u>	<u>107,906,023</u>
	257,005,365	191,852,419
Less: Payment made during the period	<u>1,902,287</u>	<u>-</u>
Balance as at 30 September	<u>255,103,078</u>	<u>191,852,419</u>
21 Provision for income Tax		
Balance as at 1 January	3,227,805,110	2,886,541,590
Add: Provision made for the period	<u>221,636,978</u>	<u>346,190,210</u>
	3,449,442,088	3,232,731,800
Less: Provision release during the period	<u>6,152,691</u>	<u>4,926,690</u>
Balance as at 30 September (Note 21.1)	<u>3,443,289,397</u>	<u>3,227,805,110</u>
21.1 Provision for income Tax		
<u>Income year</u>		
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
	<u>3,443,289,397</u>	<u>3,227,805,110</u>

	30 Sep 2018	30 Sep 2017	July to Sep 2018	July to Sep 2017
	Taka	Taka	Taka	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
	<u>6,714,442,075</u>	<u>6,667,678,383</u>	<u>2,279,020,828</u>	<u>2,337,593,428</u>
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	<u>5,003,375,972</u>	<u>4,963,527,914</u>	<u>1,704,561,246</u>	<u>1,745,682,467</u>
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	<u>2,221,057,774</u>	<u>1,460,963,916</u>	<u>798,298,591</u>	<u>490,016,045</u>
	2,876,146,285	2,291,976,312	1,647,368,003	1,227,048,133
Less: Closing stock as at 30 Sep	<u>1,022,328,831</u>	<u>666,780,414</u>	<u>1,022,328,831</u>	<u>666,780,414</u>
	<u>1,853,817,454</u>	<u>1,625,195,898</u>	<u>625,039,172</u>	<u>560,267,719</u>
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	<u>(292,913,425)</u>	<u>(268,284,453)</u>	<u>(86,489,837)</u>	<u>(61,762,773)</u>
	<u>3,204,803,259</u>	<u>2,954,139,197</u>	<u>1,094,505,322</u>	<u>1,046,676,667</u>
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
	<u>443,702,351</u>	<u>398,406,016</u>	<u>147,402,457</u>	<u>140,042,419</u>
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	<u>293,697,672</u>	<u>287,151,306</u>	<u>100,097,440</u>	<u>94,761,761</u>
	<u>603,216,108</u>	<u>602,148,341</u>	<u>204,619,997</u>	<u>205,823,082</u>
23.1.3 Royalty and technical know-how/assistance fees				
Royalty and technical know-how/assistance fees	<u>65,152,946</u>	<u>83,108,659</u>	<u>19,683,418</u>	<u>27,413,696</u>
	<u>65,152,946</u>	<u>83,108,659</u>	<u>19,683,418</u>	<u>27,413,696</u>
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	<u>6,304,877</u>	<u>12,497,011</u>	<u>2,069,501</u>	<u>5,257,844</u>
	<u>75,005,796</u>	<u>48,155,991</u>	<u>33,365,491</u>	<u>18,964,339</u>

	30 Sep 2018	30 Sep 2017	July to Sep 2018	July to Sep 2017
	Taka	Taka	Taka	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	30 Sep 2017	July to Sep 2018	July to Sep 2017
	Taka	Taka	Taka	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		30 Sep 2017
		Taka		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		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
	<u>31,032</u>	<u>19,880</u>	<u>728,340,344</u>	<u>513,977,334</u>
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
			<u>5,462,821</u>	<u>76,446,543</u>
Cash equivalents			<u>447,976,082</u>	<u>1,376,727,502</u>

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
	<u>728,340,344</u>	<u>513,977,334</u>

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.

ð 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	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	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%

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

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				Entity total Taka
	Ceramic & sanitary ware Taka	Power Taka	Security and Services Taka	Inter segment 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				Entity total Taka
	Ceramic & sanitary ware Taka	Power Taka	Security and services Taka	Inter segment 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

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

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.

	<u>30 Sep 2018</u>	<u>30 Sep 2017</u>
Outstanding shares	353,693,141	353,693,141
Effect of issue of bonus shares for the year 2017	<u>35,369,315</u>	<u>35,369,315</u>
	<u>389,062,456</u>	<u>389,062,456</u>

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.