

RAK Ceramics (Bangladesh) Limited


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

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 June 2017

	Notes	30 June 2017 Taka	31 Dec 2016 Taka
<u>Assets</u>			
Property, plant and equipment	4	3,453,113,268	3,500,775,257
Investment property	5	706,991,210	504,343,755
Intangible assets	6	5,024,972	6,740,159
Capital work-in-progress	7	62,466,478	28,726,285
Trade and other receivables	10	37,012,500	74,025,000
Total non-current assets		4,264,608,428	4,114,610,457
Inventories	9	2,796,946,031	2,527,507,042
Trade and other receivables	10	612,069,183	618,841,556
Loan to disposed subsidiary	8	-	201,898,000
Advances, deposits and prepayments	11	335,488,935	406,247,968
Advance income tax	12	2,598,020,290	2,485,841,759
Cash and cash equivalents	13	556,986,789	802,643,479
Total current assets		6,899,511,228	7,042,979,804
Total assets		11,164,119,656	11,157,590,261
<u>Equity</u>			
Share capital	14	3,536,931,410	3,368,506,110
Share premium		1,473,647,979	1,473,647,979
Retained earnings		916,829,579	1,269,570,793
Equity attributable to equity holders of the company		5,927,408,968	6,111,724,882
Non-controlling interests		1,323	1,501
Total equity		5,927,410,291	6,111,726,383
<u>Liabilities</u>			
Borrowings	17	484,934,722	601,200,132
Deferred tax liability	15	146,292,421	128,416,223
Total non-current liabilities		631,227,143	729,616,355
Employees benefits payable	16	26,480,526	3,458,783
Borrowings	17	590,257,843	566,254,999
Trade and other payables	18	611,205,317	590,472,114
Accrued expenses	19	313,507,997	269,520,037
Provision for income tax	20	3,064,030,539	2,886,541,590
Total current liabilities		4,605,482,222	4,316,247,523
Total liabilities		5,236,709,365	5,045,863,878
Total equity and liabilities		11,164,119,656	11,157,590,261

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


 Managing Director


 Director


 Chief Financial Officer



 Company Secretary

RAK Ceramics (Bangladesh) Ltd.
Consolidated profit or loss and other comprehensive income
for the period ended 30 June 2017

	Notes	30 June 2017 Taka	30 June 2016 Taka	April to June 17 Taka	April to June 16 Taka
Sales	21	3,265,373,093	2,689,857,557	1,698,107,701	1,378,675,361
Cost of sales	22	(1,904,067,772)	(1,574,300,782)	(1,004,855,744)	(828,576,656)
Gross profit		1,361,305,321	1,115,556,775	693,251,957	550,098,705
Other income	23	8,048,708	1,200,250	7,236,677	600,250
Administrative expenses	24	(186,483,114)	(170,718,935)	(90,725,403)	(94,404,853)
Marketing and selling expenses	25	(406,063,892)	(336,013,435)	(199,299,861)	(174,557,426)
		(584,498,298)	(505,532,120)	(282,788,587)	(268,362,029)
Profit from operating activities		776,807,023	610,024,655	410,463,370	281,736,676
Finance income	26	6,431,089	16,131,668	721,205	3,759,528
Finance expenses	27	(58,751,393)	(18,461,261)	(13,876,747)	(11,879,371)
Net finance income		(52,320,304)	(2,329,593)	(13,155,542)	(8,119,843)
Profit before contribution to worker's profit participation and welfare fund		724,486,719	607,695,062	397,307,828	273,616,833
Contribution to worker's profit participation and welfare fund	28	(34,809,352)	(29,978,377)	(17,206,571)	(16,100,341)
Profit before income tax		689,677,367	577,716,685	380,101,257	257,516,492
Income tax expense					
Current tax	29	(182,415,639)	(143,199,027)	(89,153,714)	(54,196,122)
Deferred tax	15	(17,876,198)	(30,901,898)	(1,773,396)	(35,347,420)
		(200,291,837)	(174,100,925)	(90,927,110)	(89,543,542)
Profit for the period		489,385,530	403,615,760	289,174,147	167,972,950
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		489,385,530	403,615,760	289,174,147	167,972,950
Profit attributable to:					
Equity holders of the company		489,385,308	403,615,509	289,174,048	167,972,834
Non-controlling interests		222	251	99	116
Profit after tax for the period		489,385,530	403,615,760	289,174,147	167,972,950
Basic earnings per share (Par value TK 10)	33	1.38	1.14	0.82	0.47

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


 Managing Director


 Director


 Chief Financial Officer


 Company Secretary

Dhaka, 25 July 2017

RAK Ceramics (Bangladesh) Ltd.

Consolidated statement of changes in equity
for the period ended 30 June 2017

	Attributable to owners of the Company					Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka	Non-controlling interests Taka	
Balance as at 01 January 2016	3,368,506,110	1,473,647,979	1,196,443,022	6,038,597,111	1,529	6,038,598,640
Total comprehensive income for 2016	-	-	403,615,509	403,615,509	251	403,615,760
Profit/(loss) for the period	-	-	(842,126,528)	(842,126,528)	(500)	(842,127,028)
Transactions with the shareholders	-	-	757,932,003	757,932,003	1,280	5,600,087,372
Cash dividend (2015)	-	-	-	-	-	-
Balance as at 30 June 2016	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>(842,126,528)</u>	<u>5,600,086,092</u>	<u>1,280</u>	<u>5,600,087,372</u>
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	-	-	489,385,308	489,385,308	222	489,385,530
Profit/(loss) for the period	-	-	(673,701,222)	(673,701,222)	(400)	(673,701,622)
Cash dividend (2016)	168,425,300	-	(168,425,300)	-	-	-
Stock dividend (2016)	-	-	916,829,579	916,829,579	1,323	5,927,410,291
Balance as at 30 June 2017	<u>3,536,931,410</u>	<u>1,473,647,979</u>	<u>916,829,579</u>	<u>5,927,408,968</u>	<u>1,323</u>	<u>5,927,410,291</u>

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

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
for the period ended 30 June 2017

	<u>30 June 2017</u>	<u>30 June 2016</u>
	Taka	Taka
Cash flows from operating activities		
Cash receipts from customers	3,348,753,389	2,644,338,562
Cash payments to suppliers and employees	<u>(2,535,029,446)</u>	<u>(2,227,716,889)</u>
Cash generated from operating activities	<u>813,723,943</u>	<u>416,621,673</u>
Interest received from bank deposit	1,521,217	2,578,242
Income tax paid	<u>(112,178,531)</u>	<u>(102,092,913)</u>
Net cash (used in)/from operating activities	<u>703,066,629</u>	<u>317,107,002</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(204,659,863)	(382,709,785)
Sale of property, plant and equipment	-	129,500
Disposal proceeds of associate	37,012,500	43,355,000
Interest received from FDR	6,454,492	14,944,847
Income from rental	655,000	1,200,000
Intangible assets	(993,354)	(12,346,418)
Dividend received	200	250
Net cash (used in)/from investing activities	<u>(161,531,024)</u>	<u>(335,426,606)</u>
Cash flows from financing activities		
Finance charges	(25,575,517)	(21,001,300)
Avail/(repayment) of term loan	(116,265,411)	304,562,989
Avail/(repayment) of short-term loan	24,002,844	(304,734,630)
Dividend paid	(669,353,812)	(835,737,992)
Unclaimed share application refund	-	2,064,480
Adjustment related with non-controlling interest	(400)	(500)
Net cash (used in)/from financing activities	<u>(787,192,296)</u>	<u>(854,846,953)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(245,656,690)</u>	<u>(873,166,557)</u>
Cash and cash equivalents as at 01 January	<u>802,643,479</u>	<u>1,101,566,520</u>
Cash and cash equivalents as at 30 June (Note 13)	<u>556,986,789</u>	<u>228,399,963</u>

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

RAK Ceramics (Bangladesh) Limited

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

1. Reporting entity

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

1.1 Nature of business

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

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

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

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

RAK Security and Services Pvt. Limited

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

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

2. Basis of preparation

2.1 Statement of compliance

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

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

Authorisation for issue

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

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

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

2.5 Reporting period

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

2.6 Going concern

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Investments in associates

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

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

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

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

Transactions eliminated on consolidation

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

3.2 Financial instruments

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

3.2.1 Non-derivative financial assets

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

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

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

Financial assets at fair value through profit or loss

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

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

Held-to-maturity financial assets

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

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

a) Investment in associates

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

b) Loans to associates

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

c) Trade & other receivables

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

d) Cash and cash equivalents

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

3.2.2 Non-derivative financial liabilities

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

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

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

a) Trade & other payables

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

b) Borrowings

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

3.3 Share capital

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

3.4 Property, plant and equipment

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

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

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

3.4.1 Depreciation on property, plant and equipment

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

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

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

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

3.5 Investment property

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

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

3.5.1 Depreciation on investment property

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

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

Category of property, plant and equipment	Rate (%)
Building	5
Land is not depreciated as it deemed to have an infinite life.	

3.6 Capital work-in-progress

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

3.7 Intangible assets

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

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

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

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

3.8 Leased assets

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

Lease payments

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

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

3.9 Inventories

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

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

3.10 Impairment

Non-derivative financial assets

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

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.11 Employee benefit schemes

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

Defined contribution plan (provident fund)

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

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

Defined benefit plan

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 Decarately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

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

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

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

3.13 Provisions

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

3.14 Revenue recognition

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

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

3.15 Finance income and expenses

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

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

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

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

3.16 Foreign currency

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

3.17 Taxation

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

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2016.

Deferred tax:

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

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

3.18 Earning per share

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

3.19 Determination and presentation of operating segment

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

3.20 Contingencies

Contingent liability

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

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

Contingent asset

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

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

3.21 Statement of cash flows

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

3.22 Events after the reporting period

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

3.23 Comparatives and reclassification

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

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

Property, plant and equipment

30 June 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 30 June 2017	
	Balance as at 01 Jan 2017	Additions during the period	Sale/ disposal during the period	Balance as at 30 June 2017	Rate (%)	Balance as at 01 Jan 2017	Charged during the period		Adjustment during the period
Land	289,585,607	31,919,250	-	321,504,857		-	-	-	321,504,857
Factory building	885,686,619	26,541,332	-	912,227,951	2.5-5	289,021,867	21,642,624	-	310,664,491
Office building	197,676,689	1,230,286	-	198,906,975	2.5-5	91,183,718	4,953,449	-	96,137,168
Plant and machinery	5,096,325,210	92,253,838	-	5,188,579,048	5-10	2,840,758,215	160,833,372	-	3,001,591,588
Mobile plant	116,307,779	3,444,031	-	119,751,810	10	82,873,815	3,967,844	-	86,841,659
Electrical installation	241,464,647	-	-	241,464,647	10-20	169,959,558	7,287,425	-	177,246,982
Gas pipeline	69,647,294	-	-	69,647,294	10-20	45,539,497	1,604,945	-	47,144,442
Furniture and fixtures	33,527,954	1,317,394	-	34,845,348	10	24,181,501	729,231	-	24,910,732
Office equipment	99,182,629	8,111,388	-	107,294,017	10-20	37,114,917	8,589,082	-	45,704,000
Communication equipment	11,261,333	274,026	-	11,535,359	10-20	5,370,410	714,479	-	6,084,889
Tools and appliances	17,069,869	464,499	-	17,534,368	10-20	6,619,913	847,342	-	7,467,255
Vehicles	73,519,704	1,057,981	-	74,577,685	10-20	37,856,665	3,106,220	-	40,962,884
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012
Total	7,134,886,346	166,614,024	-	7,301,500,370		3,634,111,089	214,276,014	-	3,848,387,102

31 Dec 2016

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

Investment Property

0 June 2017

Particulars	COST			Rate	DEPRECIATION				Net book value as at 30 June 2017
	Balance as at 01 Jan 2017	Additions during the period	Sale/disposal during the period		Balance as at 30 June 2017	Charged during the period	Adjustment during the period	Balance as at 30 June 2017	
and ¹	500,571,750	-	-	500,571,750	-	-	-	-	500,571,750
Office building ²	4,432,737	206,203,645	-	210,636,382	3,556,190	-	4,216,922	206,419,460	
Total	505,004,487	206,203,645	-	711,208,132	3,556,190	-	4,216,922	706,991,210	

31 Dec 2016

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

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

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

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

The fair values of the property has been adopted at the transaction value considering that the 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 June 2017</u> Taka	<u>30 June 2016</u> Taka
4.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 22)	196,182,084	139,389,840
Administrative expenses (Note 4.2)	20,644,678	17,746,398
Marketing & selling expenses (Note 25)	1,005,442	987,951
	<u>217,832,204</u>	<u>158,124,189</u>
4.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 24)	17,088,488	17,636,045
Depreciation on investment property (Note 24)	3,556,190	110,353
	<u>20,644,678</u>	<u>17,746,398</u>

4.3 Disposal of property, plant and equipment

30 June 2017

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

31 Dec 2016

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

	<u>30 June 2017</u>	<u>31 Dec 2016</u>
	<u>Taka</u>	<u>Taka</u>
6 Intangible assets		
Balance as at 1 January	6,740,159	6,683,955
Add: Addition during the period	993,354	12,401,543
	<u>7,733,513</u>	<u>19,085,498</u>
Less: Amortisation during the period (Note-6.1)	2,708,541	12,345,339
Balance as at 30 June	<u>5,024,972</u>	<u>6,740,159</u>
6.1 Amortisation charged on the basis of the purpose of use		
Administrative expenses (Note - 24)	2,708,541	12,345,339
	<u>2,708,541</u>	<u>12,345,339</u>
7 Capital Work-in-Progress		
Balance as at 1 January	28,726,284	1,545,379,710
Add: Addition during the period	355,971,809	28,099,014
	<u>384,698,093</u>	<u>1,573,478,724</u>
Less: Transfer to property, plant & equipment during the period (note 7.1)	322,231,615	1,528,441,226
Impairment loss on capital equipment during the period	-	16,311,214
Balance as at 30 June	<u>62,466,478</u>	<u>28,726,285</u>
7.1 Items transferred from capital work in progress to property, plant & equipment		
Office building	207,433,931	237,219,154
Factory building	27,511,955	-
Plant & machinery	86,567,715	1,256,599,871
Others	718,015	34,622,201
	<u>322,231,615</u>	<u>1,528,441,226</u>
8 Loan to disposed subsidiary		
Julphar Bangladesh Ltd. (Erstwhile RAK Pharmaceuticals Pvt. Ltd.)	-	201,898,000
	<u>-</u>	<u>201,898,000</u>
9 Inventories		
Raw materials	737,032,088	844,891,203
Less : Provision for obsolescence made during the period	-	(13,878,807)
	<u>737,032,088</u>	<u>831,012,396</u>
Stores and consumables spares	1,168,702,914	1,082,968,219
Finished goods	555,184,472	387,942,404
Work-in-process	134,465,989	96,173,371
Goods-in-transit	201,560,568	129,410,652
	<u>2,796,946,031</u>	<u>2,527,507,042</u>

	<u>30 June 2017</u>	<u>31 Dec 2016</u>
	<u>Taka</u>	<u>Taka</u>
10 Trade and other receivables		
Non current :		
Receivable against disposal of investment	<u>37,012,500</u>	<u>74,025,000</u>
Current :		
Trade receivables (Note 10.1)	<u>535,438,976</u>	<u>548,029,728</u>
	<u>535,438,976</u>	<u>548,029,728</u>
Accrued interest (Note 10.2)	792,093	2,336,714
Accrued rental income	7,743,000	380,000
Receivable against disposal of investment	68,095,114	68,095,114
Other receivable	-	-
	<u>612,069,183</u>	<u>618,841,556</u>
10.1 Trade receivables		
Receivables from local sales	535,438,976	548,029,728
Receivables from export sales	-	-
	<u>535,438,976</u>	<u>548,029,728</u>
10.2 Accrued interest		
Interest accrued on FDR	<u>792,093</u>	<u>2,336,714</u>
	<u>792,093</u>	<u>2,336,714</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	56,000	17,500
Land advance & others	20,291,290	36,776,888
Suppliers agaisnt material & services	148,268,282	225,082,941
	168,615,572	261,877,329
Security and other deposits:		
Titas gas	27,401,050	22,262,600
Mymenshing Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and supplementary duty (note 11.1)	44,094,845	36,231,093
Deposit with income tax authority	17,185,655	17,185,655
Deposit with VAT authority	7,530,001	7,530,001
Other deposits	1,491,853	1,491,853
	99,658,404	86,656,202
Prepayments:		
House rent	8,397,833	9,176,471
Insurance	58,639,497	48,237,825
Others	177,629	300,141
	<u>67,214,959</u>	<u>57,714,437</u>
	<u>335,488,935</u>	<u>406,247,968</u>

	<u>30 June 2017</u>	<u>31 Dec 2016</u>
	<u>Taka</u>	<u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	36,231,093	58,015,290
Add: Treasury deposit for SD & VAT purpose	704,000,000	1,121,800,000
Rebate of input VAT	161,289,531	273,305,798
	<u>901,520,624</u>	<u>1,453,121,088</u>
Add: Receivable - SD & VAT	-	-
	<u>901,520,624</u>	<u>1,453,121,088</u>
Less: SD & VAT on sales	857,425,779	1,416,418,729
Payable- SD & VAT	-	471,266
	<u>857,425,779</u>	<u>1,416,889,995</u>
Balance as at 30 June	<u>44,094,845</u>	<u>36,231,093</u>
12 Advance Income Tax		
Balance as at 1 January	2,485,841,759	2,219,806,786
Add: Paid during the period	117,105,221	266,034,973
Less: Adjusted during the period	4,926,690	-
Balance as at 30 June (12.1)	<u>2,598,020,290</u>	<u>2,485,841,759</u>
12.1 Payment for the period		
<u>Income year</u>		
Current period	71,412,585	-
Year 2016	275,311,061	229,618,424
Year 2015	187,267,285	187,267,285
Year 2014	295,379,428	295,379,428
Year 2013	392,118,319	392,118,319
Year 2012	334,263,453	336,319,884
Year 2011	326,291,317	328,082,711
Year 2010	264,605,626	265,684,491
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u>2,598,020,290</u>	<u>2,485,841,759</u>

	<u>30 June 2017</u>	<u>31 Dec 2016</u>
	<u>Taka</u>	<u>Taka</u>
13 Cash and cash equivalents		
Cash in hand	3,524,356	9,880,543
Cash at banks		
HSBC (current account -001-013432-011.001-107580-011,001-096015-011, 001-096007-011 - BDT)	177,165,272	40,412,746
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	15,554,269	66,626,593
Citibank N.A. (current account - G0100001200262018 - BDT)	4,183,965	15,162,084
Dutch Bangla Bank Ltd. (current account - 117-110-12733,117-110-2481, 117.110.23474 -BDT)	2,635,455	142,302
HSBC (ERQ account - 001-013432-047 - USD)	5,744,654	6,549,288
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	944,585	973,813
EXIM Bank (SND account - 01513100031877 - BDT)	113,696	114,271
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	198,911	1,038,142
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	215,689,519	81,821,359
BRAC Bank (SND - 1513101731248001 - BDT)	357,287	356,703
Prime Bank Ltd. (SND - 12531010022563 - BDT)	28,631,247	20,282,604
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	25,000	-
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	4,025,064	6,559,754
	<u>455,268,924</u>	<u>240,039,659</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,455,760	2,453,275
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,482	3,941,453
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,603	153,603
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,588	126,588
	<u>6,655,433</u>	<u>6,674,919</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,621,706	2,627,831
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,208,301	2,222,418
SCB (Current - 02-6162940-02- BDT) - 2012	3,832,518	3,899,024
SCB (Current - 02-6162940-03- BDT) - 2013	16,709,712	16,697,585
SCB (Current - 02-6162940-04- BDT) - 2014	4,998,386	5,082,074
SCB (Current - 02-6162940-05- BDT) - 2015	3,893,178	4,082,795
SCB (Current - 02-6162940-06- BDT) - 2016	4,684,361	-
	<u>38,948,162</u>	<u>34,611,727</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	6,827,834	30,674,551
SCB	762,080	762,080
Dutch Bangla Bank Ltd.	45,000,000	480,000,000
	<u>52,589,914</u>	<u>511,436,631</u>
Total	<u>556,986,789</u>	<u>802,643,479</u>

	<u>30 June 2017</u>	<u>31 Dec 2016</u>
	<u>Taka</u>	<u>Taka</u>
14 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 :		
353,693,141 ordinary shares of Taka 10/- each	<u>3,536,931,410</u>	<u>3,368,506,110</u>

Percentage of shareholdings :

	<u>2017</u>		<u>2016</u>	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	71.67	2,534,805,220	71.67	2,414,100,210
S.A.K. Ekramuzzaman	3.92	138,725,830	3.92	132,119,850
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	290	0.00	280
Sheikh Omer Bin Saqr Al Qassimi	0.00	290	0.00	280
Sheikh Ahmad Bin Humaid al Qassimi	0.00	290	0.00	280
Hamad Abdulla Al Muttawa	0.00	140	0.00	140
Dr. Khater Massaad	0.00	140	0.00	140
Abdallah Massaad	0.00	140	0.00	140
Manoj Uttamrao Ahire	0.00	140	0.00	140
General Public	24.41	863,398,930	24.41	822,284,650
	<u>100.00</u>	<u>3,536,931,410</u>	<u>100.00</u>	<u>3,368,506,110</u>

Classification of shareholders by holding

<u>Shareholder's range</u>	<u>Number of shareholders</u>		<u>Number of shares</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Less than 500 shares	26,065	26,718	5,546,852	5,617,564
501 to 5,000 shares	8,144	8,021	12,324,343	11,426,420
5001 to 10,000 shares	743	618	5,251,780	4,593,958
10,001 to 20,000 shares	396	308	5,589,204	4,505,626
20,001 to 30,000 shares	110	99	2,707,368	2,463,012
30,001 to 40,000 shares	57	50	1,977,673	1,774,201
40,001 to 50,000 shares	47	38	2,127,271	1,760,460
50,001 to 100,000 shares	84	80	5,798,965	5,479,795
100,001 to 1,000,000 shares	77	63	20,263,268	18,732,649
Over 1,000,000 shares	9	11	292,106,417	280,496,926
	<u>35,732</u>	<u>36,005</u>	<u>353,693,141</u>	<u>336,850,611</u>

	<u>30 June 2017</u>	<u>31 Dec 2016</u>
	<u>Taka</u>	<u>Taka</u>
15 Deferred tax liabilities		
Balance as at 1 January	128,416,223	75,811,194
Less : Deferred tax (income)/expenses	<u>17,876,198</u>	<u>52,605,029</u>
Balance as at 30 June	<u><u>146,292,421</u></u>	<u><u>128,416,223</u></u>

16 Employees benefits payable

Provident fund	9,480,504	362,708
Gratuity fund	<u>17,000,022</u>	<u>3,096,075</u>
	<u><u>26,480,526</u></u>	<u><u>3,458,783</u></u>

	<u>2017</u>		
	<u>Provident fund</u>	<u>Gratuity fund</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as at 1 January	362,708	3,096,075	3,458,783
Add: Provision made during the period	<u>26,551,567</u>	<u>17,139,174</u>	<u>43,690,740</u>
	26,914,275	20,235,249	47,149,523
Less: Payments made to fund during the period	<u>17,433,771</u>	<u>3,235,226</u>	<u>20,668,997</u>
Balance as at 30 June	<u><u>9,480,504</u></u>	<u><u>17,000,022</u></u>	<u><u>26,480,526</u></u>

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

17 Borrowings

Non-current:		
Term loan	752,449,990	861,151,969
Current portion of term loan	<u>(267,515,268)</u>	<u>(259,951,837)</u>
	<u><u>484,934,722</u></u>	<u><u>601,200,132</u></u>
Current:		
Bank overdrafts	-	29,663,693
Short-term borrowings	322,742,575	276,639,469
Current portion of term loan	<u>267,515,268</u>	<u>259,951,837</u>
	<u>590,257,843</u>	<u>566,254,999</u>
Balance as at 30 June	<u><u>1,075,192,565</u></u>	<u><u>1,167,455,131</u></u>

17.1 Borrowings by maturity

At 30 June 2017	< 1 year	1-2 years	2-5 years	Total
Short-term borrowings	322,742,575	-	-	322,742,575
Term loan	267,515,268	267,515,268	217,419,455	752,449,990
	<u>590,257,843</u>	<u>267,515,268</u>	<u>217,419,455</u>	<u>1,075,192,565</u>
At 31 December 2016	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	29,663,693	-	-	29,663,693
Short-term borrowings	276,639,469	-	-	276,639,469
Term loan	259,951,837	259,951,837	341,248,296	861,151,969
	<u>566,254,999</u>	<u>259,951,837</u>	<u>341,248,296</u>	<u>1,167,455,131</u>

17.2 Facilities details

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	-	Revolving	From company's own source	1) Letter of comfort.	
	Short term loan	378,000,000	114,213,773	180/360 days from B/L date			
HSBC	Overdraft	30,000,000	-	Revolving	From company's own source	2) Hypothecation over plant & machinery on parri - passu basis with other lenders.	1) Land,
	Short term loan	550,000,000	208,528,802	180/360 days from B/L date			
	Long term loan	1,366,872,000	752,449,990	5 years		3) Hypothecation over stock & book debts on a parri - passu basis with other lenders.	2) Plant and machinery of the expansion plant.
Citibank N.A.	Overdraft	50,000,000	-	Revolving	From company's own source	4) Demand promissory note.	
	Short term loan	700,000,000	-	180/360 days from B/L date			
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	125,000,000	-	180/360 days from B/L date			
Commercial Bank of Ceylon	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	300,000,000	-	180/360 days from B/L date			

30 June 2017
Taka

31 Dec 2016
Taka

18 Trade and other payables

Trade payables

Payable to local suppliers	80,017,921	174,944,298
Payable to foreign suppliers	198,193,388	183,906,485
Payable to service provider	62,604,086	80,465,357
Payable to C & F agent	6,480,269	10,283,280
	<u>347,295,664</u>	<u>449,599,420</u>

Other payables

Tax deducted at source	13,754,055	15,971,206
VAT deducted at source	7,548,724	9,998,255
Dividend Payable	38,236,600	33,889,190
Unclaimed share application	20,838,116	20,838,116
- Advance from customer against sales	28,405,648	8,237,699
Security deposit payable	4,096,196	1,638,234
Payable to employee for trade	422,216	-
Provisional liabilities - material & services	150,608,098	50,299,995
	<u>263,909,653</u>	<u>140,872,695</u>
	<u>611,205,317</u>	<u>590,472,114</u>

	<u>30 June 2017</u>	<u>31 Dec 2016</u>
	<u>Taka</u>	<u>Taka</u>
19 Accrued expenses		
Power and gas	33,301,171	23,498,627
Staff cost	58,326,683	41,406,844
Audit fees	781,715	1,157,500
Professional charges	663,250	538,000
Interest on loans	1,495,042	1,495,042
Telephone	316,726	270,927
Provision for freight	17,166,355	11,774,670
Managing Director's remuneration (Note 19.1)	23,600,741	40,911,795
Worker's profit participation and welfare fund (Note 19.2)	34,809,352	61,056,166
Royalty and technical know-how fees (Note 19.3)	139,641,359	83,946,396
Others	3,405,602	3,464,070
	<u>313,507,997</u>	<u>269,520,037</u>
19.1 Managing Director's remuneration		
Balance as at 1 January	40,911,795	34,075,485
Add: Provision made during the period	<u>23,600,741</u>	<u>40,911,795</u>
	64,512,536	74,987,280
Less: Paid to Managing Director	<u>40,911,795</u>	<u>34,075,485</u>
Balance as at 30 June	<u>23,600,741</u>	<u>40,911,795</u>
19.2 Worker's profit participation and welfare fund		
Balance as at 1 January	61,056,166	54,064,400
Add: Contribution made to the fund during the period	<u>34,809,352</u>	<u>61,056,166</u>
	95,865,518	115,120,566
Less: Payment made from the fund during the period	<u>61,056,166</u>	<u>54,064,400</u>
Balance as at 30 June	<u>34,809,352</u>	<u>61,056,166</u>
19.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	83,946,396	2,399,388
Add: Provision made during the period	<u>55,694,963</u>	<u>96,547,008</u>
	139,641,359	98,946,396
Less: Tax provision on disallowance of royalty paid for the year 2009	<u>-</u>	<u>15,000,000</u>
Balance as at 30 June	<u>139,641,359</u>	<u>83,946,396</u>
20 Provision for income Tax		
Balance as at 1 January	2,886,541,590	2,583,742,941
Add: Provision made for the period	<u>182,415,639</u>	<u>302,798,649</u>
	3,068,957,229	2,886,541,590
Less: Provision release during the period	<u>4,926,690</u>	<u>-</u>
Balance as at 30 June (Note 20.1)	<u>3,064,030,539</u>	<u>2,886,541,590</u>
20.1 Provision for income Tax		
<u>Income year</u>		
Current period	182,315,312	-
Year 2016	302,798,649	302,798,649
Year 2015	323,397,728	323,397,728
Year 2014	381,571,248	381,571,248
Year 2013	364,979,858	364,979,858
Year 2012	339,211,366	341,267,796
Year 2011	326,685,215	328,376,284
Year 2010	348,965,691	350,044,556
Year 2009	266,823,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	<u>3,064,030,539</u>	<u>2,886,541,590</u>

	30 June 2017	30 June 2016	April to June 17	April to June 16
	Taka	Taka	Taka	Taka
21 Sales				
Gross sales (Local)	4,136,646,380	3,350,745,713	2,155,070,558	1,703,584,144
Gross sales (Export)	-	10,431,924	-	9,660,486
Total Sales	4,136,646,380	3,361,177,637	2,155,070,558	1,713,244,630
Less: Supplementary Duty	324,241,790	230,362,985	171,611,787	114,149,658
VAT	547,031,497	440,957,095	285,351,070	220,419,611
Net sales	<u>3,265,373,093</u>	<u>2,689,857,557</u>	<u>1,698,107,701</u>	<u>1,378,675,361</u>
22 Cost of sales				
Materials consumed:				
Opening stock as at 1 January	831,012,396	847,867,994	874,339,528	922,481,011
Add: Purchase during the period	967,696,936	712,735,905	412,083,261	260,691,945
	1,798,709,332	1,560,603,899	1,286,422,789	1,183,172,956
Less: Closing stock as at 30 June	737,032,088	796,381,994	737,032,088	796,381,994
	1,061,677,244	764,221,905	549,390,701	386,790,962
Manufacturing overhead:				
Direct labour (Note 22.1.1)	252,819,287	214,075,471	126,637,904	133,267,466
Direct expenses:				
Power and gas	112,860,120	61,350,639	63,686,096	31,412,056
Repairs and indirect materials (Note 22.1.2)	396,325,260	311,102,434	200,571,283	160,951,804
Rental charges	438,355	410,870	215,640	205,435
Moulds and punches	10,685,794	7,204,841	5,504,157	4,157,162
Depreciation	196,182,084	139,389,840	92,274,501	75,704,006
Royalty and technical know-how/assistance fees (22.1.3)	55,694,963	39,893,975	27,530,513	21,724,832
Other production overhead (Note 22.1.4)	35,506,131	33,826,341	23,681,676	22,474,738
Movement in stock	(218,121,466)	2,824,466	(84,636,727)	(8,111,805)
	<u>1,904,067,772</u>	<u>1,574,300,782</u>	<u>1,004,855,744</u>	<u>828,576,656</u>
22.1.1 Direct labour				
Salary & wages	142,063,924	118,753,534	70,046,785	82,662,198
Overtime	18,248,998	17,552,319	9,181,286	10,155,748
Bonus	20,610,077	17,395,795	10,512,291	9,250,778
Incentive	82,669	342,678	38,037	214,359
Temporary labour wages	44,400,133	40,387,012	24,876,190	19,368,163
Gratuity	12,051,794	11,682,996	6,116,292	7,370,493
Employer's contribution to provident fund	9,055,671	7,633,086	4,509,639	4,078,017
Leave encashment	5,082,256	-	778,857	-
Group life insurance	1,223,765	328,051	578,527	167,710
	<u>252,819,287</u>	<u>214,075,471</u>	<u>126,637,904</u>	<u>133,267,466</u>
22.1.2 Repairs and indirect materials				
Stores, spares, repair & maintenance	203,935,715	167,130,933	107,105,448	88,467,484
Packing expenses	192,389,545	143,971,501	93,465,835	72,484,320
	<u>396,325,260</u>	<u>311,102,434</u>	<u>200,571,283</u>	<u>160,951,804</u>
22.1.3 Royalty and technical know-how/assistance fees				
Royalty and technical know-how/assistance fees	55,694,963	47,393,975	27,530,513	25,474,832
Less : Tax provision on disallowance of royalty paid for the year 2009	-	7,500,000	-	3,750,000
	<u>55,694,963</u>	<u>39,893,975</u>	<u>27,530,513</u>	<u>21,724,832</u>
22.1.4 Other production overhead				
Hotel fare and expenses for technician	4,397,259	5,422,870	2,383,558	1,806,447
Demurrage	1,443,193	817,734	715,911	738,077
Insurance	7,953,559	7,860,679	3,883,087	4,101,891
Hiring charges and transportation	3,722,186	1,011,651	1,195,915	992,786
Impairment loss on capital equipment	-	8,155,607	-	6,990,520
Provision for obsolescence	-	6,939,403	-	5,825,396
Other expenses	17,989,934	3,618,397	15,503,206	2,019,621
	<u>35,506,131</u>	<u>33,826,341</u>	<u>23,681,676</u>	<u>22,474,738</u>

	<u>30 June 2017</u>	<u>30 June 2016</u>	<u>April to June 17</u>	<u>April to June 16</u>
	Taka	Taka	Taka	Taka
23 Other income				
Dividend income	200	250	200	250
Miscellaneous income	30,508	-	18,477	-
Rental income	8,018,000	1,200,000	7,218,000	600,000
	<u>8,048,708</u>	<u>1,200,250</u>	<u>7,236,677</u>	<u>600,250</u>
24 Administrative expenses				
Staff cost (note-24.1)	84,208,562	74,265,439	40,522,783	38,474,412
Annual General Meeting expenses	10,149,416	13,786,408	3,964,846	12,778,164
Telephone and postage	1,770,682	3,414,700	786,528	1,489,755
Office repair and maintenance (note 24.2)	3,811,793	3,259,950	1,613,184	1,917,580
Registration and renewal	742,362	714,219	510,104	501,757
Security and guard expenses	6,629,538	5,726,250	3,093,355	2,768,048
Electricity, gas and water	2,148,225	2,945,588	1,536,504	1,651,918
Depreciation on property, plant & equipment (note - 4.2)	17,088,488	17,636,045	8,734,948	11,416,749
Depreciation on investment property (4.2)	3,556,190	110,353	2,625,811	55,177
Amortisation	2,708,541	5,848,425	1,401,426	3,244,493
Legal and professional fees	4,462,585	5,895,876	2,968,096	3,790,063
Vehicle repair and maintenance	5,838,317	6,114,080	3,302,460	2,668,204
Rent, rate and tax	4,139,244	3,690,547	2,177,688	1,121,903
Loss on sale of property, plant and equipment	-	5,349	-	-
Bad debts	-	375,096	-	375,096
CSR expenses	5,500,000	2,567,270	337,500	977,270
Managing Director's remuneration (note-24.3)	23,600,741	20,083,197	11,666,055	10,794,960
Technical consultancy & others	10,128,430	4,280,143	5,484,115	379,304
	<u>186,483,114</u>	<u>170,718,935</u>	<u>90,725,403</u>	<u>94,404,853</u>
24.1 Staff cost				
Salary & wages	57,876,206	50,907,629	28,843,395	26,908,421
Bonus	7,758,201	7,776,259	3,944,087	4,151,688
Incentive	370,729	1,275,833	337,504	871,640
Gratuity	4,041,668	4,014,277	1,985,871	2,325,404
Employer's contribution to provident fund	3,224,362	2,853,353	1,582,757	1,478,038
Leave encashment	2,821,139	-	307,110	-
Group life insurance	417,730	152,379	196,488	74,824
Canteen and conveyance expenses	3,699,802	4,115,764	1,912,155	1,524,597
Staff uniform expenses	1,157,262	455,707	211,118	288,262
Travelling expenses	1,729,925	1,844,795	532,552	764,713
Medical expenses	891,798	621,942	563,160	323,188
Other employee benefit	219,740	247,501	106,586	(236,363)
	<u>84,208,562</u>	<u>74,265,439</u>	<u>40,522,783</u>	<u>38,474,412</u>
24.2 Office repair & maintenance				
Repairs office equipment	108,372	725,472	(153,811)	337,595
Office maintenance	3,703,421	2,534,478	1,766,995	1,579,985
	<u>3,811,793</u>	<u>3,259,950</u>	<u>1,613,184</u>	<u>1,917,580</u>
24.3 Managing Director's remuneration				
Provision made during the period	23,600,741	20,083,197	11,666,055	10,794,960
	<u>23,600,741</u>	<u>20,083,197</u>	<u>11,666,055</u>	<u>10,794,960</u>

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

	<u>30 June 2017</u>	<u>30 June 2016</u>	<u>April to June 17</u>	<u>April to June 16</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
25 Marketing & selling expenses				
Staff cost (note-25.1)	18,701,985	14,144,929	10,272,000	7,711,605
Advertisement	2,832,310	1,841,131	1,536,538	1,525,721
Freight and transportation	142,304,059	104,373,571	74,366,469	54,035,935
Performance rebates (note-25.2)	155,908,219	123,149,635	68,419,277	58,585,045
Business promotion	17,329,910	9,836,686	12,880,277	4,132,210
Depreciation	1,005,442	987,951	505,498	493,976
Discount	49,667,973	70,503,442	23,454,980	41,949,120
Travel, entertainment and others	18,313,995	11,176,090	7,864,823	6,123,814
	<u>406,063,892</u>	<u>336,013,435</u>	<u>199,299,861</u>	<u>174,557,426</u>
25.1 Staff cost				
Salary & wages	13,985,475	10,237,711	7,925,827	5,637,555
Bonus	1,542,080	1,299,677	734,794	702,938
Incentive	33,205	566,750	33,205	66,750
Gratuity	1,045,711	773,302	595,837	429,946
Employer's contribution to provident fund	833,574	618,877	474,448	340,859
Leave Encashment	300,848	-	-	-
Group life insurance	78,579	139,835	29,502	69,132
Conveyance & food expenses	882,513	508,777	478,387	464,425
	<u>18,701,985</u>	<u>14,144,929</u>	<u>10,272,000</u>	<u>7,711,605</u>
25.2 Performance rebates				
Compensation to customer	4,757,780	2,190,002	4,063,654	612,474
Dealers' commission	66,040,664	46,785,449	30,996,325	23,869,780
Breakage commission	85,109,775	74,174,184	33,359,298	34,102,791
	<u>155,908,219</u>	<u>123,149,635</u>	<u>68,419,277</u>	<u>58,585,045</u>
26 Finance income				
Interest on bank account (SND)	1,521,217	2,578,242	571,899	1,583,133
Interest on FDR	4,909,872	11,679,233	149,306	778,055
Exchange gain	-	1,874,193	-	1,398,340
	<u>6,431,089</u>	<u>16,131,668</u>	<u>721,205</u>	<u>3,759,528</u>
27 Financial expenses				
Interest expenses	24,182,796	17,334,410	11,329,964	11,307,794
Foreign exchange loss	33,175,876	-	1,865,128	-
Bank charges	1,392,721	1,126,851	681,655	571,577
	<u>58,751,393</u>	<u>18,461,261</u>	<u>13,876,747</u>	<u>11,879,371</u>
28 Contribution to worker's profit participation and welfare fund				
Provision made during the period	34,809,352	29,978,377	17,206,571	16,100,341
	<u>34,809,352</u>	<u>29,978,377</u>	<u>17,206,571</u>	<u>16,100,341</u>
29 Current tax				
Current period	182,415,639	143,199,027	89,153,714	54,196,122
	<u>182,415,639</u>	<u>143,199,027</u>	<u>89,153,714</u>	<u>54,196,122</u>

30 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD	USD	Amounts in Taka	
	As at 30 June 2017	As at 31 Dec 2016	As at 30 June 2017	As at 31 Dec 2016
Trade receivables				
Customer-Local	-	-	535,438,976	548,029,728
Customer-Export	-	-	-	-
	-	-	<u>535,438,976</u>	<u>548,029,728</u>
Other receivables				
Accrued Interest			792,093	2,336,714
Accrued rental income			7,743,000	380,000
Receivable against disposal of investment			105,107,614	142,120,114
Others			-	-
			<u>113,642,708</u>	<u>144,836,828</u>
Loan to disposed subsidiary				
Jolphar Bangladesh Ltd. (Erstwhile RAK Pharmaceuticals Pvt. Ltd.)			-	201,898,000
			-	<u>201,898,000</u>
Cash equivalents			<u>553,462,433</u>	<u>792,762,936</u>

b) Ageing of receivables

The ageing of trade receivables as at 30 June was:

	Amounts in Taka	
	As at 30 June 2017	As at 31 Dec 2016
Not past due		
0-90 days past due	519,027,795	514,179,767
91-180 days past due	5,670,754	26,281,407
181-365 days past due	10,740,428	7,568,554
	<u>535,438,976</u>	<u>548,029,728</u>

30.2 Liquidity risk

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

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

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

	As at 30 June 2017			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	611,205,317	611,205,317	611,205,317	-
Short term borrowing (foreign)	322,742,575	322,742,575	322,742,575	-
Term loan (foreign)	752,449,990	752,449,990	267,515,268	484,934,723
	<u>1,686,397,882</u>	<u>1,686,397,882</u>	<u>1,201,463,160</u>	<u>484,934,723</u>
	As at 31 December 2016			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	29,663,693	29,663,693	29,663,693	-
Trade and other payables	590,472,114	590,472,114	590,472,114	-
Short term borrowing	276,639,469	276,639,469	276,639,469	-
Term loan	861,151,969	861,151,969	259,951,837	601,200,132
	<u>1,757,927,245</u>	<u>1,757,927,245</u>	<u>1,156,727,112</u>	<u>601,200,132</u>

30.3 Market risk

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

a) Currency risk

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

i) Exposure to currency risk

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

	As at 30 June 2017					As at 31 December 2016		
	AED	GBP	USD	EURO	JPY	GBP	USD	EURO
Foreign currency denominated assets								
Receivable from customers-Export	-	-	-	-	-	-	96,388	-
Cash at bank	-	-	83,773	-	-	-	96,388	-
	-	-	<u>83,773</u>	-	-	-	<u>96,388</u>	-

	As at 30 June 2017					As at 31 December 2016		
	AED	GBP	USD	EURO	JPY	GBP	USD	EURO
Foreign currency denominated liabilities								
Trade payables	26,924	118,661	1,555,292	568,625	4,850,000	164,899	1,274,984	797,167
Short term borrowings	-	-	3,915,903	44,614	-	-	3,100,548	375,259
Term loan	-	-	9,249,539	-	-	-	10,893,763	-
Royalty & Technical Fees	-	-	1,716,550	-	-	-	1,061,940	-
Dividend payable	-	-	-	-	-	-	-	-
	26,924	118,661	16,437,283	613,239	4,850,000	164,899	16,331,235	1,172,426
Net exposure	(26,924)	(118,661)	(16,353,511)	(613,239)	(4,850,000)	(164,900)	(16,234,847)	(1,172,426)

The Company has foreign exchange loss of Tk 33,175, 876 during the period ended 30 June 2017 (30 June 2016: Exchange gain Tk 1,874,193).

The following significant exchange rates have been applied:

	Exchange rate as at	
	30 June 2017	31 Dec 2016
	Taka	Taka
AED	21.8995	21.3397
GBP	104.4917	96.2662
USD	80.6000	78.5500
EURO	91.9797	82.3516
JPY	0.7182	0.6737

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	As at 30 June 2017		As at 31 December 2016	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 June				
AED (3 percent movement)	(833)	784	-	-
GBP (3 percent movement)	(3,670)	3,456	(5,100)	4,803
USD (3 percent movement)	(505,779)	476,316	(502,109)	472,860
EURO (3 percent movement)	(18,966)	17,861	(36,261)	34,148
JPY (3 percent movement)	(150,000)	141,262	-	-

b) Interest rate risk

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

Profile

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

	Carrying amount	
	As at	As at
	30 June 2017	31 December 2016
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	52,589,914	511,436,631
Cash at banks	500,872,518	281,326,305
Financial liabilities		
Term loan (Foreign)	752,449,990	861,151,969
Bank overdraft	-	29,663,693
Short term borrowing (foreign)	322,742,575	276,639,469

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

	As at 30 June 2017		As at 31 December 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	52,589,914	52,589,914	511,436,631	511,436,631
Loans and receivables				
Trade receivables	535,438,976	535,438,976	548,029,728	548,029,728
Other receivables	113,642,708	113,642,708	144,836,828	144,836,828
Loan to disposed subsidiary	-	-	201,898,000	201,898,000
Cash equivalents	553,462,433	553,462,433	792,762,936	792,762,936
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	752,449,990	752,449,990	861,151,969	861,151,969
Bank overdraft	-	-	29,663,693	29,663,693
Trade and other payables	611,205,317	611,205,317	590,472,114	590,472,114
Short term borrowing (foreign)	322,742,575	322,742,575	276,639,469	276,639,469

Interest rates used for determining amortised cost

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

	30 June 2017	31 December 2016
Investment in FDR	1.95%-3.20%	2.50%-4.00%
Term loan	Libor+3%	Libor+3%
Bank overdraft	8.00%-10.00%	8%-10.75%
Short term bank loan (local currency)	8.00%-10.00%	8%-13.50%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-2.85%)	Libor+(2.75%-3.00%)
Long term bank loan (foreign currency/USD)	Libor+3%	Libor+3%

31 Related party disclosures under BAS-24

Amounts in Taka

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

31.1	Name of related party	Relationship	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Loan	Interest receivables
	RAK Power Pvt. Ltd	Subsidiary	Current period Previous period	188,813,069 169,419,217	2,922,365 2,739,130	2,922,365 2,739,130	32,183,717 58,636,454	- -	- -	- -
	RAK Security & Services Pvt. Ltd	Subsidiary	Current period Previous period	51,199,533 45,494,032	- -	- -	9,562,904 5,070,630	- -	- -	- -
	RAK Ceramics - UAE	Parent	Current period Previous period	19,361,149 18,125,735	- -	- 758,325	24,502,658 6,831,713	- -	- -	- -
	Kea Printing & Packaging Industries	Other related party	Current period Previous period	63,792,459 48,896,639	- -	- -	6,847,171 14,583,010	- -	- -	- -
	Palli Properties Pte. Ltd	Other related party	Current period Previous period	8,675,714 9,243,778	- -	- -	311,576 -	- -	- -	- -
	Sky Bird Travel Agents Pvt. Ltd.	Other related party	Current period Previous period	3,153,767 3,669,415	- -	- -	16,362 -	- -	- -	- -
	Green Planet Communications	Other related party	Current period Previous period	6,433,305 2,855,073	- -	- 605,100	251,581 -	- -	- -	- -
	Global Business Associates Ltd	Other related party	Current period Previous period	18,154 -	- -	- -	5,146 -	- -	- -	- -
	Mohammed Trading	Other related party	Current period Previous period	- -	1,474,518,574 1,151,736,169	388,165,197 382,968,430	- -	- -	- -	- -
	S.A.K. Ekmuzzaman	Key Management Personnel	Current period Previous period	- -	- -	- -	23,600,741 20,083,197	23,600,741 20,083,197	- -	- -
	Intiaz Hussain	Key Management Personnel	Current period Previous period	- -	- -	- -	5,367,120 6,185,640	5,367,120 6,185,640	- -	- -

31.2 Events after the reporting period

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

31.3 Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 23,600,741.

During the period, Board meeting fees of Taka 100,000 was paid to the board members for attending the Board meetings.

32 Segment reporting

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

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

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

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

30 June 2017

	Business Segments				Entity total Taka
	Ceramic & sanitary ware Taka	Power Taka	Security and Services Taka	Inter segment Taka	
Revenue - external customers	3,222,469,277	2,740,415	40,163,401	-	3,265,373,093
Revenue - inter segment	-	188,813,069	52,153,153	(240,966,222)	-
Total segment revenue	3,222,469,277	191,553,484	92,316,554	(240,966,222)	3,265,373,093
Cost of sales- external customer	(1,712,015,755)	(119,818,340)	(72,233,678)	-	(1,904,067,772)
Cost of sales- inter segment	(242,934,967)	(953,620)	-	243,888,587	-
Total segment cost of sales	(1,954,950,721)	(120,771,960)	(72,233,678)	243,888,587	(1,904,067,771)
Gross profit	1,267,518,556	70,781,524	20,082,876	-	1,361,305,323
Other income	-	30,508	-	-	30,508
Dividend income	83,979,600	20,000	200	(83,999,600)	200
Rental income	10,940,365	-	-	(2,922,365)	8,018,000
Financial income	5,198,786	1,203,733	28,571	-	6,431,089
Financial expenses	(58,135,146)	(610,348)	(5,900)	-	(58,751,394)
Depreciation	(208,649,105)	(9,003,513)	(179,585)	-	(217,832,203)
Other operating expenses	(404,666,013)	3,857,225	(8,715,366)	-	(409,524,155)
Segment profit before tax	696,187,043	66,279,128	11,210,796	-	689,677,367
Income tax expense	(156,773,833)	(21,617,700)	(4,024,106)	-	(182,415,639)
Deferred tax	(18,698,170)	821,972	-	-	(17,876,198)
Non -Controlling interest	-	222	0.35	-	222
Profit for the period	-	-	-	-	489,385,308

30 June 2016

Business Segments

	Ceramic & sanitary ware Taka	Power Taka	Security and services Taka	Inter segment Taka	Entity total Taka
Revenue - external customers	2,642,391,844	20,156,772	27,308,941	-	2,689,857,557
Revenue - inter segment	-	169,419,217	46,442,007	(215,861,224)	-
Total segment revenue	2,642,391,844	189,575,989	73,750,948	(215,861,224)	2,689,857,557
Cost of sales- external customer	(1,405,947,578)	(109,657,961)	(58,695,243)	-	(1,574,300,782)
Cost of sales- inter segment	(217,652,379)	(947,975)	-	218,600,354	-
Total segment cost of sales	(1,623,599,957)	(110,605,936)	(58,695,243)	218,600,354	(1,574,300,782)
Gross profit	1,018,791,887	78,970,053	15,055,705	-	1,115,556,775
Dividend income	103,489,500	10,000	250	(103,499,500)	250
Rental income	3,939,130	-	-	(2,739,130)	1,200,000
Gain on disposal of investment against subsidiary	-	-	-	-	-
Gain on disposal of investment against associates	-	-	-	-	-
Revaluation gain on acquisition of associates shares	-	-	-	-	-
Financial income	14,725,095	1,381,373	25,200	-	16,131,668
Financial expenses	(18,219,931)	(236,867)	(4,463)	-	(18,461,261)
Depreciation	(148,970,361)	(8,968,632)	(185,196)	-	(158,124,189)
Other operating expenses	(374,187,776)	3,914,281	(8,313,061)	-	(378,586,556)
Segment profit before tax	599,567,545	75,070,208	6,578,435	-	577,716,685
Income tax expense	(116,988,040)	(23,908,535)	(2,302,452)	-	(143,199,027)
Deferred tax	(31,192,364)	290,466	-	-	(30,901,898)
Non -Controlling interest	-	251	0.21	-	251
Profit for the period	-	-	-	-	403,615,509

	<u>30 June 2017</u>	<u>30 June 2016</u>
	<u>Taka</u>	<u>Taka</u>
33 Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company	<u>489,385,308</u>	<u>403,615,509</u>
No. of ordinary equity shares	<u>353,693,141</u>	<u>353,693,141</u>
Weighted average no. of equity shares outstanding (Note 33.1)	<u>353,693,141</u>	<u>353,693,141</u>
Earnings per share (EPS) for the period	<u>1.38</u>	<u>1.14</u>

33.1 Weighted average number of ordinary shares

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

	<u>30 June 2017</u>	<u>30 June 2016</u>
Outstanding shares	336,850,611	336,850,611
Effect of issue of bonus shares for the year 2016	<u>16,842,531</u>	<u>16,842,531</u>
	<u>353,693,141</u>	<u>353,693,141</u>

33.2 Diluted earning per share

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

34 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 419,753,044 (30 June 2016: Tk 352,091,093). Considering the merits of the cases, it has not been deemed necessary to make provisions for all such disputed claims.

There is also contingent liability in respect of outstanding letters of credit of Tk 240,944,091 (30 June 2016: Tk 359,052,019) and letter of guarantee of Tk 52,551,133 (30 June 2016: Tk 38,625,334).

35 Other disclosures

35.1 Changes in policy

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