

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 June 2023

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 June 2023

	Notes	<u>30 June 2023</u> Taka	<u>31 Dec 2022</u> Taka
Assets			
Property, plant and equipment	4	3,449,222,986	3,263,124,297
Investment property	5	502,902,199	503,012,247
Right-of-use assets	6	48,228,664	25,127,649
Intangible assets	7	3,290,085	675,942
Capital work-in-progress	8	91,019,276	155,705,038
Total non-current assets		<u>4,094,663,210</u>	<u>3,947,645,173</u>
Inventories	9	3,851,743,778	3,404,569,828
Trade and other receivables	10	2,122,235,398	1,524,574,050
Advances, deposits and prepayments	11	287,159,602	299,208,628
Advance income tax	12	4,124,521,202	4,100,140,671
Cash and cash equivalents	13	669,525,283	1,275,774,291
Total current assets		<u>11,055,185,263</u>	<u>10,604,267,468</u>
Total assets		<u>15,149,848,473</u>	<u>14,551,912,641</u>
Equity			
Share capital	14	4,279,687,010	4,279,687,010
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,741,128,546	1,883,817,400
Equity attributable to equity holders of the company		<u>7,494,463,535</u>	<u>7,637,152,389</u>
Non-controlling interests		<u>1,354</u>	<u>1,336</u>
Total equity		<u>7,494,464,889</u>	<u>7,637,153,725</u>
Liabilities			
Borrowings	19	88,322,738	-
Deferred tax liability	17	91,204,615	108,058,703
Lease liability	20	20,250,597	13,155,601
Total non-current liabilities		<u>199,777,950</u>	<u>121,214,304</u>
Employees benefits payable	18	23,418,342	-
Borrowings	19	495,633,836	372,805,793
Lease liability	20	7,701,535	5,427,646
Trade and other payables	21	1,397,818,075	1,048,213,664
Unclaimed dividend payable	22	8,263,097	11,901,967
Accrued expenses	23	956,292,695	833,246,587
Provision for income tax	24	4,566,478,054	4,521,948,955
Total current liabilities		<u>7,455,605,634</u>	<u>6,793,544,612</u>
Total liabilities		<u>7,655,383,584</u>	<u>6,914,758,916</u>
Total equity and liabilities		<u>15,149,848,473</u>	<u>14,551,912,641</u>

The accompanying notes are an integral part of these financial statements

Abdallah Massaad
Chairman

SAK Ekramuzzaman
Managing Director

Pramod Kumar Chand
Director

Sadhan Kumar Dey
Chief Financial Officer

Muhammad Shahidul Islam FCS
Company Secretary

Dated, 18 July 2023

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of profit or loss and other comprehensive Income
For the period ended 30 June 2023

	Notes	30 June 2023 Taka	30 June 2022 Taka	April to June 2023 Taka	April to June 2022 Taka
Sales	25	3,813,997,502	3,803,025,903	1,804,643,548	1,796,488,007
Cost of sales	26	(2,850,863,666)	(2,674,921,529)	(1,356,595,451)	(1,269,499,367)
Gross profit		963,133,836	1,128,104,374	448,048,097	526,988,640
Other income	27	1,419,144	100	931,150	-
Administrative expenses	28	(216,180,435)	(181,262,797)	(112,919,867)	(90,152,500)
Impairment loss on trade receivables	28.1	(11,759,949)	(20,548)	(11,728,507)	(17,785)
Marketing and selling expenses	29	(331,755,812)	(306,435,860)	(145,152,035)	(146,661,520)
		(558,277,052)	(487,719,105)	(268,869,259)	(236,831,805)
Profit from operating activities		404,856,784	640,385,269	179,178,838	290,156,835
Finance income	30	23,981,094	31,084,895	12,502,682	15,208,575
Finance expenses	31	(25,743,633)	(64,976,745)	(13,764,097)	(52,551,400)
Net finance income		(1,762,539)	(33,891,850)	(1,261,415)	(37,342,825)
Profit before contribution to workers' profit participation and welfare fund		403,094,245	606,493,419	177,917,423	252,814,010
Contribution to workers' profit participation and welfare fund	32	(18,910,959)	(29,651,623)	(8,240,149)	(11,381,557)
Profit before income tax		384,183,286	576,841,796	169,677,274	241,432,453
Income tax expense					
Current tax	33	(115,757,509)	(164,504,125)	(53,979,523)	(64,609,261)
Deferred tax	17	16,854,088	18,118,413	13,096,573	10,516,410
		(98,903,421)	(146,385,712)	(40,882,950)	(54,092,851)
Profit for the period		285,279,865	430,456,084	128,794,324	187,339,602
Other comprehensive Income		-	-	-	-
Total comprehensive income for the period		285,279,865	430,456,084	128,794,324	187,339,602
Profit attributable to:					
Equity holders of the company		285,279,847	430,455,973	128,794,314	187,339,546
Non-controlling Interests		18	111	10	56
Profit after tax for the period		285,279,865	430,456,084	128,794,324	187,339,602
Basic earnings per share (Par value TK 10)	39	0.67	1.01	0.30	0.44

The accompanying notes are an integral part of these financial statements

Abdallah Massaad
Chairman

SAK Ekramuzzaman
Managing Director

Pramod Kumar Chand
Director

Sadhan Kumar Dey
Chief Financial Officer

Muhammad Shahidul Islam FCS
Company Secretary

Dated, 18 July 2023

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
For the period ended 30 June 2023

Attributable to owners of the Company

	Share capital Taka (Note - 14)	Share Premium Taka (Note - 15)	Retained earnings Taka (Note - 16)	Total Taka	Non- controlling interests Taka	Total equity Taka
Balance as at 01 January 2022	4,279,687,010	1,473,647,979	1,747,192,779	7,500,527,768	1,418	7,500,529,186
Total comprehensive income for 2022	-	-	430,455,973	430,455,973	111	430,456,084
Profit for the period	-	-	430,455,973	430,455,973	111	430,456,084
Transactions with the shareholders:						
Cash dividend (2021)	-	-	(534,960,876)	(534,960,876)	(200)	(534,961,076)
Balance as at 30 June 2022	4,279,687,010	1,473,647,979	1,642,687,876	7,396,022,865	1,329	7,396,024,194
Balance as at 01 January 2023	4,279,687,010	1,473,647,979	1,883,817,400	7,637,152,389	1,336	7,637,153,725
Total comprehensive income for 2023	-	-	285,279,847	285,279,847	18	285,279,865
Profit for the period	-	-	285,279,847	285,279,847	18	285,279,865
Transactions with the shareholders:						
Cash dividend (2022)	-	-	(427,968,701)	(427,968,701)	-	(427,968,701)
Balance as at 30 June 2023	4,279,687,010	1,473,647,979	1,741,128,546	7,494,463,535	1,354	7,494,464,889

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
For the period ended 30 June 2023

	30 June 2023	30 June 2022
	Taka	Taka
Cash flows from operating activities		
Cash receipts from customers	3,216,357,026	3,664,025,458
Cash payments to suppliers and employees	(3,165,224,639)	(3,547,160,214)
Cash generated from operating activities	51,132,387	116,865,244
Interest received from bank deposits	9,140,479	4,730,633
Income tax paid (note - 12)	(95,608,941)	(110,775,096)
Net cash (used in)/from operating activities (note-42)	(35,336,075)	10,820,781
Cash flows from investing activities		
Acquisition of property, plant and equipment	(346,458,262)	(162,555,446)
Sale of property, plant and equipment (note-5.3)	1,477,000	-
Interest received from FDR	14,819,745	28,477,287
Intangible assets	(3,454,625)	-
Dividend received	-	100
Net cash (used in)/from investing activities	(333,616,142)	(134,078,059)
Cash flows from financing activities		
Finance charges	(11,633,684)	(7,391,680)
Avail/(repayment) of term loan	88,322,738	-
Avail/(repayment) of short-term loan	122,828,043	16,676,952
Payment of lease liability	(5,228,802)	(3,087,463)
Dividend paid	(431,607,571)	(534,518,983)
Adjustment related with non-controlling interest	-	(200)
Net cash (used in)/from financing activities	(237,319,276)	(528,321,374)
Effect of exchange rate changes in cash and cash equivalents	22,485	831,956
Net increase/(decrease) in cash and cash equivalents	(606,249,008)	(650,746,696)
Cash and cash equivalents as at 01 January	1,275,774,291	2,276,654,664
Cash and cash equivalents as at 30 June (Note 13)	669,525,283	1,625,907,968

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements as at and for the period ended 30 June 2023

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, wash room 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 2016 respectively.

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 at the end of reporting period. The Company has gone into operation from 1 May 2009. The registered office of the Company is at RAK Tower (8th floor), Jashimuddin Avenue, Plot # 1/A, Sector # 03, Uttara Model Town, Dhaka - 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

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

RAK Security and Services (Pvt.) Limited

RAK Security and Services (Pvt.) Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 21 December 2006 as a private company limited by shares with an authorized capital of Taka 100,000,000 divided into 1,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 1,000,000 at the end of reporting period. The Company has gone into operation from 1 May 2007. The registered office of the Company is at RAK Tower (8th floor), Plot # 1/A, Jasimuddin Avenue, Sector # 03, Uttara Model Town, Dhaka-1230. 35% shares of RAK Security and Services (Pvt.) Ltd is held by RAK Ceramics (Bangladesh) Limited.

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

2. Basis of preparation

2.1 Statement of compliance

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

The title and format of these financial statements follow the requirements of IFRSs 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 IFRSs titles and format give better presentation to the shareholders.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 18 July 2023.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

Note 4	Property, plant & equipment
Note 5	Investment property
Note 6	Right-of-use assets
Note 17	Deferred tax liability
Note 18	Employees benefit payable
Note 20	Lease liability
Note 24	Provision for income tax
Note 28.1	Impairment on trade receivable

2.5 Reporting period

The financial period of the Company covers one year from 1 January to 31 December each year and is followed consistently. These interim financial statements were prepared for a period from 1 January 2023 to 30 June 2023. The comparative figures cover the period from 1 January 2022 to 30 June 2022/31 Dec 2022 as applicable.

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 IFRSs, have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

b) Cash and cash equivalents

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

3.3 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.4 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.

3.5 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. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment. 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. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

3.5.1 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 when it is available for use and charging of depreciation on property, plant and equipment ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

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

Category of property, plant and equipment	Rate (%)
Factory building	5-20
General building	5
Head Office building	5
Plant and machinery	5-10
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixture and equipment	10-20
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.

3.6 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 income the period in which the property is derecognised.

3.6.1 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 when it is available for use and charging of depreciation on property, plant, equipment & investment property ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

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.	

3.7 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.

3.8 Intangible assets

Intangible assets that are acquired by the Group (such as designs and trade marks for manufacture of ceramic tiles and sanitary ware) 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. No internal developed intangible assets capitalized during the period.

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. 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

Non derivative financial assets are assessed at each reporting date to determine the loss allowance for lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition. When there is no significant increase in credit risk on the financial instruments since initial recognition, the expected credit losses for next 12 months is measured as loss allowance on that financial instrument.

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 Group 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 Group 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 Group also makes equal contribution to the fund. These are administered by the Board of Trustees. The contributions are invested separately from the Group's assets.

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

Defined benefit plan (Gratuity)

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

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

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

The Company provides 5% of its net profit before tax after charging such expense as WPPF in accordance with "The Bangladesh Labour Act 2006 amended in 2018".

3.13 Provisions

Provisions are recognised on the reporting date if, as a result of past events, the Group 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 IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

i. Classification – financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

ii. Impairment

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

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

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

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

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

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

iii. Hedging

IFRS 9 incorporates hedge accounting rules which intend to align hedge accounting with a group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness.

Impact of IFRS 9 shown in note no. 36.1 (b).

3.15 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

i. Sales of goods

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

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

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

ii. Rendering of services

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

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

iii. Construction contracts

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

3.16 IFRS 16 Leases

Under this IFRS 16, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for a lease classification test. The IFRS 16 guidance has an increased focus on who controls the asset and may change which contracts are leases.

General impact of application of IFRS 16 Leases

IFRS 16 introduces requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these requirements are described in Notes to the financial statements. The impact of the adoption of IFRS 16 on the Group's financial statements is described below.

The group has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and separates the total amount of cash paid presented within financing activities in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within rent expenses in the statement of profit or loss.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the group's financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures requirements, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

3.17 Finance income and expenses

Finance income comprises interest income on fixed deposits and Short Notice Deposit (SND). 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.

3.18 Foreign currency

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

3.19 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 period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous period. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2023.

Deferred tax:

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

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

3.20 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 periods.

3.21 Determination and presentation of operating segment

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

3.22 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.

3.23 Statement of cash flows

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

3.24 Events after the reporting period

Events after the reporting period that provide additional information about the Group'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.

3.25 Comparatives and reclassification

Comparative information have been disclosed in respect of 2022 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, plant and equipment

30 June 2023

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka Net book value as at 30 June 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal transfer during the period	Balance as at 30 June 2023	Rate (%)	Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	Balance as at 30 June 2023		
Land*	1,033,267,017	178,473,319	-	1,211,740,336		-	-	-	-	1,211,740,336	
Factory building	1,045,271,569	10,388,685	-	1,055,660,254	5-20	585,936,080	23,815,687	-	609,751,767	445,908,487	
Office and accommodation building	542,813,594	3,049,297	-	545,862,890	5	232,821,264	14,632,306	-	247,453,570	298,409,320	
Plant and machinery	5,993,330,750	177,079,659	-	6,170,410,409	5-10	4,681,012,855	161,092,345	-	4,842,105,200	1,328,305,209	
Mobile plant	138,910,626	1,555	-	138,912,180	10	92,741,702	5,040,801	-	97,782,503	41,129,678	
Electrical installation	242,630,147	-	-	242,630,147	10-20	221,688,993	3,190,388	-	224,879,383	17,750,765	
Gas pipeline	80,514,054	-	-	80,514,054	10-20	68,113,907	2,010,504	-	70,124,411	10,389,643	
Furniture and fixtures	48,152,729	4,300	(14,750)	48,142,279	10-20	32,512,734	2,476,032	(14,744)	34,974,022	13,169,257	
Office equipment	63,708,794	5,071,337	(9,054,625)	59,725,506	10-20	46,763,976	3,925,252	(6,192,685)	44,496,543	15,228,963	
Communication equipment	16,566,185	2,339,200	-	18,905,385	10-20	10,789,876	1,579,533	-	12,369,410	6,535,975	
Tools and appliances	14,585,223	97,146	-	14,682,368	10-20	11,273,182	615,293	-	11,888,475	2,793,894	
Vehicles	96,188,040	34,639,528	(2,489,792)	128,337,776	10-20	69,159,862	3,747,395	(2,431,942)	70,475,315	57,862,460	
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-	
Total	9,319,569,740	411,144,024	(11,559,167)	9,719,154,597		6,056,445,443	222,125,539	(8,639,371)	6,269,931,611	3,449,222,986	

*Addition of land includes BDT. 683,194,710 for the purchase of 33.40 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others as approved in EGM dated August 4, 2022. The land was proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

31 Dec 2022

Particulars	C O S T					D E P R E C I A T I O N					Amount in Taka Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal/ transfer during the year	Balance as at 31 Dec 2022	Rate (%)	Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2022		
Land*	341,565,707	691,701,310	-	1,033,267,017		-	-	-	-	1,033,267,017	
Factory building	1,039,010,882	6,260,687	-	1,045,271,569	5-20	537,116,690	48,819,390	-	585,936,080	459,335,489	
Office and accommodation building	534,211,506	8,684,209	(82,121)	542,813,594	5	203,708,611	29,112,653	-	232,821,264	309,992,330	
Plant and machinery	5,838,268,311	156,574,890	(1,512,451)	5,993,330,750	5-10	4,355,890,753	325,245,589	(123,487)	4,681,012,855	1,312,317,895	
Mobile plant	122,557,641	16,270,864	82,121	138,910,626	10	84,900,028	7,841,674	-	92,741,702	46,168,924	
Electrical installation	242,630,147	-	-	242,630,147	10-20	215,255,337	6,433,656	-	221,688,993	20,941,154	
Gas pipeline	80,514,054	-	-	80,514,054	10-20	64,055,745	4,058,162	-	68,113,907	12,400,147	
Furniture and fixtures	44,050,472	4,474,835	(372,578)	48,152,729	10	28,097,484	4,787,817	(372,567)	32,512,734	15,639,995	
Office equipment	52,713,848	11,352,166	(357,220)	63,708,794	10-20	40,839,174	6,282,016	(357,214)	46,763,976	16,944,818	
Communication equipment	12,509,259	4,056,926	-	16,566,185	10-20	8,369,622	2,420,254	-	10,789,876	5,776,308	
Tools and appliances	19,831,622	-	(5,246,399)	14,585,223	10-20	14,977,934	1,267,390	(4,972,142)	11,273,182	3,312,041	
Vehicles	90,757,466	8,529,485	(3,098,911)	96,188,040	10-20	65,515,568	6,036,138	(2,391,864)	69,159,862	27,028,179	
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-	
Total	8,422,251,927	907,905,372	(10,587,559)	9,319,569,740		5,622,357,978	442,304,739	(8,217,274)	6,056,445,443	3,263,124,297	

*Addition of land includes BDT. 677,182,210 for the purchase of 33.05 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others as approved in EGM dated August 4, 2022. The land was proposed to be utilized for greenfield expansion of another tiles plant and new faucets plant.

5 Investment Property

30 June 2023

Particulars	COST			Rate	DEPRECIATION			Net book value as at 30 June 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/Transfer during the period		Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	
Land ¹	500,571,750	-	-	5%	-	-	-	500,571,750
Office building ²	4,432,737	-	-	5%	1,992,240	110,047	-	2,330,449
Total	505,004,487	-	-		1,992,240	110,047	-	502,902,199

31 Dec 2022

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/Transfer during the year		Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-	5%	-	-	-	500,571,750
Office building ²	4,432,737	-	-	5%	1,770,322	221,918	-	2,440,497
Total	505,004,487	-	-		1,770,322	221,918	-	503,012,247

1. The land 10 khata is situated besides the RAK Tower was acquired in March 2012 and presently the asset is under investment property as per IAS 40 considering undetermined future use.

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

2. A godown building is situated at above land and presently the asset is under investment property as per IAS 40 considering undetermined future use.

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

	30 June 2023	30 June 2022
	Taka	Taka
5.1 Depreciation		
Property, plant and equipment (Note 4)	222,125,539	216,743,757
Investment Property (Note 5)	110,047	110,047
	222,235,586	216,853,804
5.2 Allocation of Depreciation		
Cost of sales (Note 26)	201,133,762	198,349,326
Administrative expenses (Note 5.2.1)	16,975,711	15,304,530
Marketing & selling expenses (Note 29)	4,126,113	3,199,948
	222,235,586	216,853,804
5.2.1 Allocation of Administrative Depreciation		
Depreciation on property, plant & equipment (Note 28)	16,865,664	15,194,483
Depreciation on investment property (Note 28)	110,047	110,047
	16,975,711	15,304,530

5.3 Disposal of property, plant and equipment

30 June 2023

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	6,050,000	6,050,000	-	-	-
Furniture & fixture	14,750	14,744	6	6,000	5,994
Vehicles	2,489,792	2,431,942	57,850	1,471,000	1,413,150
Total	8,554,542	8,496,686	57,856	1,477,000	1,419,144

30 June 2022

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	105,000	105,000	-	-	-
Plant and machinery	1,512,451	123,487	1,388,964	-	(1,388,964)
Tools and appliances	5,246,399	4,972,142	274,257	-	(274,257)
Total	6,863,850	5,200,629	1,663,221	-	(1,663,221)

6 Right-of-use assets

30 June 2023

Particulars	COST			DEPRECIATION				Net book value as at 30 June 2023
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal during the period	Balance as at 30 June 2023	Balance as at 01 Jan 2023	Charged during the period	Adjustment during the period	
Display center	48,278,231	29,737,142	(12,469,999)	65,545,373	25,770,495	6,184,013	(12,469,999)	19,484,509
Accommodation building	1,471,380	-	-	1,471,380	666,326	373,775	-	1,040,099
Warehouse	1,880,142	-	-	1,880,142	65,283	78,339	-	1,43,622
Total	51,629,753	29,737,142	(12,469,999)	68,896,895	26,502,104	6,636,127	(12,469,999)	20,668,231

Amount in Taka

31 Dec 2022

Particulars	COST			DEPRECIATION				Net book value as at 31 Dec 2022
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2022	Balance as at 01 Jan 2022	Charged during the year	Adjustment during the year	
Display center	44,590,469	17,601,130	(13,913,368)	48,278,231	31,468,446	8,215,417	(13,913,368)	25,770,495
Accommodation building	1,393,850	805,053	(727,523)	1,471,380	663,327	730,522	(727,523)	666,326
Warehouse	-	1,880,142	-	1,880,142	-	65,283	-	65,283
Total	45,984,319	20,286,325	(14,640,891)	51,629,753	32,131,773	9,011,222	(14,640,891)	26,502,104

Amount in Taka

6.1 Allocation of depreciation

	30 June 2023	30 June 2022
Administrative expenses (Note 28)	373,775	356,748
Marketing & Selling expenses (Note 29)	6,262,352	3,819,865
	<u>6,636,127</u>	<u>4,176,613</u>

1. Company rented four display centers situated in Dhaka, Chattogram, Sylhet and Mymensingh.
2. Accommodation building was rented for the use of transit employees.
3. Warehouse was rented to store finished goods.

7 Intangible assets

30 June 2023

Particulars	COST			AMORTIZATION			Amount in Taka		
	Balance as at 01 Jan 2023	Addition during the period	Sale/disposal during the period	Balance as at 30 June 2023	Balance as at 01 Jan 2023	Amortized during the period	Adjustment during the period	Balance as at 30 June 2023	Net book value as at 30 June 2023
License	22,692,876	3,004,625	-	25,697,501	22,587,507	496,679	142,685	23,226,870	2,470,630
Computer Software	12,064,380	450,000	-	12,514,380	11,493,807	201,118	-	11,694,925	819,455
Total	34,757,256	3,454,625	-	38,211,881	34,081,314	697,796	142,685	34,921,795	3,290,085

31 Dec 2022

Particulars	COST			AMORTIZATION			Amount in Taka		
	Balance as at 01 Jan 2022	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2022	Balance as at 01 Jan 2022	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2022	Net book value as at 31 Dec 2022
License	22,692,876	-	-	22,692,876	22,381,800	205,707	-	22,587,507	105,369
Computer Software	12,064,380	-	-	12,064,380	10,349,701	1,144,106	-	11,493,807	570,573
Total	34,757,256	-	-	34,757,256	32,731,501	1,349,813	-	34,081,314	675,942

	<u>30 June 2023</u>	<u>31 Dec 2022</u>
	<u>Taka</u>	<u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	155,705,038	17,713,837
Add: Addition during the period (note 8.1)	125,599,978	306,335,970
	<u>281,305,015</u>	<u>324,049,807</u>
Less: Transfer to property, plant & equipment during the period (note 8.2)	190,285,740	168,344,769
Balance as at 30 June	<u>91,019,276</u>	<u>155,705,038</u>
8.1 Addition during the period		
Building	20,712,307	15,264,180
Plant & machinery	103,357,493	273,363,820
Others	1,530,178	17,707,970
	<u>125,599,978</u>	<u>306,335,970</u>
8.2 Items transferred from capital work in progress to property, plant & equipment		
Building	12,766,031	14,944,895
Plant & machinery	175,238,818	138,247,010
Others	2,280,891	15,152,864
	<u>190,285,740</u>	<u>168,344,769</u>
9 Inventories		
Raw materials	1,229,343,720	1,616,409,488
Less : Provision for slow moving & obsolete inventories	30,127,069	27,390,319
	<u>1,199,216,651</u>	<u>1,589,019,169</u>
Stores and consumables spares and packing	1,070,381,473	1,099,615,246
Less: Write off for stores and spares	25,171,179	45,658,898
	<u>1,045,210,294</u>	<u>1,053,956,348</u>
Finished goods (net of net realizable value adjustment) *	1,109,468,177	587,936,012
Less : Provision for slow moving & obsolete inventories	11,538,322	10,193,909
	<u>1,097,929,855</u>	<u>577,742,103</u>
Work-in-process	71,181,290	72,294,867
Goods-in-transit	438,205,689	111,557,341
	<u>3,851,743,778</u>	<u>3,404,569,828</u>

*Finished goods exclude provision of net realizable value BDT. 34,660,033.

	30 June 2023	31 Dec 2022
	Taka	Taka
10 Trade and other receivables		
Trade receivables (Note 10.1)	2,121,120,152	1,523,479,675
	<u>2,121,120,152</u>	<u>1,523,479,675</u>
Accrued interest (Note 10.2)	1,115,246	1,094,375
	<u>2,122,235,398</u>	<u>1,524,574,050</u>
10.1 Trade receivables		
Receivables from local sales	2,144,963,939	1,535,563,513
	<u>2,144,963,939</u>	<u>1,535,563,513</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	8,695,949	6,039,333
Related parties	15,147,838	6,044,505
	<u>2,121,120,152</u>	<u>1,523,479,675</u>
10.2 Accrued interest		
Interest accrued on Fixed Deposit Receipt	1,115,246	1,094,375
	<u>1,115,246</u>	<u>1,094,375</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	310,000	354,500
Purchase of land and others	-	18,037,873
Suppliers against materials and services	90,657,862	60,283,423
	<u>90,967,862</u>	<u>78,675,796</u>
Security and other deposits:		
Titas gas	71,833,050	71,833,050
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	2,585,417	2,123,789
Deposited with income tax authority	83,962,899	79,320,962
Deposited with VAT authority	6,726,946	34,345,289
Display center and others	1,312,000	1,312,000
Other deposits	1,494,626	1,494,626
	<u>169,869,938</u>	<u>192,384,716</u>
Prepayments:		
Showroom, warehouse and office rent	-	15,774,000
Insurance and others	26,321,802	12,374,116
	<u>26,321,802</u>	<u>28,148,116</u>
	<u>287,159,602</u>	<u>299,208,628</u>

	<u>30 June 2023</u>	<u>31 Dec 2022</u>
	<u>Taka</u>	<u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	2,123,789	2,191,784
Add: Treasury deposit for SD & VAT purpose	52,864,122	9,170,717
	<u>54,987,911</u>	<u>11,362,501</u>
Less: SD & VAT on sales	52,402,494	9,238,712
Balance as at 30 June	<u><u>2,585,417</u></u>	<u><u>2,123,789</u></u>

The above amount represents RAK Security and services (Pvt) Ltd and RAK Power Pvt. Ltd.

12 Advance Income Tax		
Balance as at 1 January	4,100,140,671	3,865,788,064
Add: Paid during the period	95,608,941	234,352,607
Less: Adjustment during the period	(71,228,410)	-
Balance as at 30 June (Note - 12.1)	<u><u>4,124,521,202</u></u>	<u><u>4,100,140,671</u></u>

12.1 Payment for the year

<u>Income year</u>		
Current period	67,801,503	-
Year 2022	243,147,159	215,539,721
Year 2021	273,987,480	273,987,480
Year 2020	130,950,084	130,950,084
Year 2019	280,949,748	280,949,748
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	253,701,667	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	301,027,378	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>4,124,321,202</u></u>	<u><u>4,100,140,671</u></u>

	30 June 2023	31 Dec 2022
	Taka	Taka
13 Cash and cash equivalents		
Cash In hand	8,168,831	4,940,100
Cash at banks		
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	65,516	48,008,704
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	3,679,491	7,029,098
Citibank N.A. (current account - G0100001200262018 - BDT)	137,194	143,529
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	3,302,174	2,224,092
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	909,377	1,305,563
Standard Chartered Bank (Margin money account)	75,401,428	11,369,665
Midland Bank Ltd. (Margin money account)	66,740,000	-
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	6,278,799	19,582,657
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	128,128	376,147
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	8,076,094	64,575,111
Prime Bank Ltd. (SND - 2125316004690 - BDT)	66,872	5,163,335
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	852,669	1,187,158
Dhaka Bank Ltd (SND - 102.150.274- BDT))	2,571,973	12,724,019
Dhaka Bank Ltd (CD - 204100000019318- BDT))	337,031	337,606
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	69,968,775	36,099,416
Commercial Bank of Ceylon (ERQ-1806012366 - USD.)	1,479,015	1,167,570
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	2,936,163	18,037,173
Midland Bank Ltd. (SND 0006-10700000015, 0006-1060000043 - BDT)	85,419,193	323,664,743
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	36,583,348	76,971,089
Eastern Bank Ltd. (Margin Money account)	7,043,000	685,732
Commercial Bank of Ceylon (Margin Money account)	426,254	331,882
	372,402,496	630,984,289
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,690,013	1,686,673
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,919,501
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,606	153,606
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,599	126,599
	5,889,719	5,886,379
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,829,321	2,832,666
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,093,231	1,096,576
SCB (SND - 02-6162940-02- BDT) - 2012	175,459	176,153
SCB (SND - 02-6162940-03- BDT) - 2013	320,696	321,365
SCB (SND - 02-6162940-05- BDT) - 2015	39,881	40,449
SCB (SND - 02-6162940-06- BDT) - 2016	6,596	7,170
SCB (SND - 02-6162940-07- BDT) - 2017	558	1,133
SCB (SND - 02-6162940-09- BDT) - 2019	4,781	6,099,271
SCB (SND - 02-6162940-10- BDT) - 2020	3,171,179	3,179,172
SCB (SND - 02-6162940-11- BDT) - 2021	3,003,068	3,070,463
MDB (SND - 0006-1090000460 - BDT) - 2022	5,280,362	-
	15,925,132	16,824,418
Investment In Fixed Deposit Receipt (FDR)		
Midland Bank Ltd.	50,000,000	-
Eastern Bank Ltd.	62,139,105	262,139,105
Dhaka Bank Ltd.	150,000,000	300,000,000
Commercial bank of Ceylon	5,000,000	55,000,000
	267,139,105	617,139,105
	669,525,283	1,275,774,291

	30 June 2023		31 Dec 2022	
	Taka		Taka	
14 Share Capital				
Authorised :				
600,000,000 ordinary shares of Taka 10/- each		6,000,000,000		6,000,000,000
Issued, subscribed, called and paid up :				
427,968,701 ordinary shares of Taka 10/- each		4,279,687,010		4,279,687,010
Percentage of shareholdings :				
	30 June 2023		31 Dec 2022	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,915,864,310
S.A.K. Ekramuzzaman	3.95	168,958,240	3.95	168,958,240
Other Sponsors	0.00	1,660	0.00	1,660
General Public	27.92	1,194,862,800	27.92	1,194,862,800
	100.00	4,279,687,010	100.00	4,279,687,010

The company was Incorporated on 26th of November 1998 with paid up capital of BDT 1,000 and subsequently has issued ordinary shares including bonus shares in several dates i.e. 30 September 2000, 30 October 2005, 15 June 2009, 28 July 2009, 31 January 2010, 24 May 2010, 20 March 2011, 15 April 2012, 10 April 2013, 02 April 2014, 29 March 2017, 18 April 2018 and 09 April 2019.

Mr. SAK Ekramuzzaman pledged 16,870,215 no of shares out of his total holding of 16,895,824 no of shares.

Classification of shareholders by holding

Shareholders' range	Number of shareholders		Number of shares	
	30 June 2023	31 Dec 2022	30 June 2023	31 Dec 2022
01-499 shares	17,311	17,249	4,048,205	4,042,747
500 to 5,000 shares	8,218	8,179	13,220,043	13,158,647
5001 to 10,000 shares	930	926	6,996,715	7,005,165
10,001 to 20,000 shares	485	486	7,063,460	7,117,059
20,001 to 30,000 shares	152	154	3,852,032	3,901,900
30,001 to 40,000 shares	75	76	2,680,438	2,717,389
40,001 to 50,000 shares	64	65	3,001,684	3,061,080
50,001 to 100,000 shares	100	98	7,128,523	6,955,385
100,001 to 1,000,000 shares	80	81	24,450,070	24,464,289
1,000,001 to 1,000,000,000 Shares	14	15	355,527,531	355,545,040
	27,429	27,329	427,968,701	427,968,701

15 Share premium

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

No. of shares	Share premium (per share)	30 June 2023		31 Dec 2022	
		Taka		Taka	
10,000,000	30	300,000,000	300,000,000		
34,510,000	38	1,311,380,000	1,311,380,000		
		1,611,380,000	1,611,380,000		
Less : Share issue expenses		137,732,021	137,732,021		
		1,473,647,979	1,473,647,979		

16 Retained earnings (Reserve and surplus)

Balance as on 1 January	1,883,817,400	1,747,192,779
Add : Profit during the period	285,279,847	671,585,497
	2,169,097,247	2,418,778,276
Less: Dividend declared during the period	(427,968,701)	(534,960,876)
Balance as on 30 June	1,741,128,546	1,883,817,400

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

	30 June 2023 Taka	31 Dec 2022 Taka
17 Deferred tax liabilities		
Balance as at 1 January	108,058,703	139,829,250
Less : Deferred tax (income)/expenses	(16,854,988)	(31,770,547)
Balance as at 30 June	<u>91,204,615</u>	<u>108,058,703</u>

	Carrying amount on the date of statement of financial position Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
As at 30 June 2023			
Property, plant and equipment (Excluding land and others)	2,190,233,232	1,716,052,117	474,181,115
Trade receivable	2,125,478,982	2,149,322,769	(23,843,787)
Inventories	3,783,400,532	3,859,725,954	(76,325,423)
Right of use assets	48,228,664	-	48,228,664
Lease liability	(27,952,132)	-	(27,952,132)
Net taxable temporary difference			<u>394,288,437</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>91,204,615</u>

As at 31 December 2022			
Property, plant and equipment (Excluding land and others)	2,191,768,732	1,654,353,913	537,414,819
Trade receivable	1,532,613,442	1,544,697,280	(12,083,838)
Inventories	3,349,411,095	3,412,972,845	(63,561,749)
Right of use assets	25,127,649	-	25,127,649
Lease liability	(18,583,247)	-	(18,583,247)
Net taxable temporary difference			<u>468,313,633</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>108,058,703</u>

18 Employees benefits payable

Provident fund	14,324,124	-
Gratuity fund	9,094,216	-
	<u>23,418,342</u>	<u>-</u>

	30 June 2023		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	40,010,094	16,442,809	56,452,903
	40,010,094	16,442,809	56,452,903
Less: Payments made to fund during the period	25,685,970	7,348,593	33,034,563
Balance as at 30 June	<u>14,324,124</u>	<u>9,094,216</u>	<u>23,418,342</u>

Employee contribution BDT. 1,022,809 has not been considered since this is provisional figure against annual increment.

	31 Dec 2022		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	75,861,432	28,029,345	103,890,777
	75,861,432	28,029,345	103,890,777
Less: Payments made to fund during the year	75,861,432	28,029,345	103,890,777
Balance as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>

Forfeited amount of provident fund amounting to BDT. 833,466 for the year 2022 has been adjusted with provision and payment.

19 Borrowings

Non-current:		
Term loan	88,322,738	-
	<u>88,322,738</u>	<u>-</u>
Current:		
Bank overdrafts	49,369,363	-
Short-term borrowings	446,264,473	372,805,793
	495,633,836	372,805,793
Balance as at 30 June	<u>583,956,574</u>	<u>372,805,793</u>

19.1 Borrowings by maturity

At 30 June 2023	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	49,369,363	-	-	-	49,369,363
Short-term borrowings	446,264,473	-	-	-	446,264,473
Term loan	-	22,080,685	66,242,053	-	88,322,738
	<u>495,633,836</u>	<u>22,080,685</u>	<u>66,242,053</u>	<u>-</u>	<u>583,956,574</u>
At 31 December 2022	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term borrowings	372,805,793	-	-	-	372,805,793
	<u>372,805,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,805,793</u>

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	14,382,517	Revolving	From company's own source	1) Corporate guarantee, 2) Hypothecation over stock & book debts on a pari-passu basis with other lenders. 3) Demand promissory note.	1) Specific charge over plant, machinery and equipment of BMRE projects.
	Short term loan	500,000,000	408,578,217	180/360 days from B/L date			
Eastern Bank Ltd.	Long term loan*	450,000,000	88,322,738	5 years with 1 year moratorium period	From company's own source		
	Overdraft	30,000,000	-	Revolving			
Dutch Bangla Bank Ltd.	Short term loan	425,000,000	24,411,008	180/360 days from B/L date	From company's own source		
	Overdraft	25,000,000	-	Revolving			
Commercial Bank of Ceylon	Short term loan	90,000,000	-	180/360 days from B/L date	From company's own source		
	Overdraft	35,000,000	34,986,846	Revolving			
	Short term loan	550,000,000	13,275,248	180/360 days from B/L date			

* The long term loan facility limit approved in Board of Directors meetings dated July 20, 2022 to be utilized for the BMRE project of tiles plant

30 June 2023 **31 Dec 2022**
Taka **Taka**

20 Lease liability

Non-current:

Lease liability

Less : Current portion of lease liability

27,952,132	18,583,247
7,701,535	5,427,646
<u>20,250,597</u>	<u>13,155,601</u>

Current:

Current portion of lease liability

7,701,535	5,427,646
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30 June 2023

Lease liability schedule

Particulars	Balance as on 01 January 2023	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 30 June 2023
Display center	15,897,164	13,133,102	4,691,958	1,343,326	3,348,633	25,681,635
Accommodation Building	834,211	-	410,526	30,448	380,077	454,132
Warehouse	1,851,871	-	126,318	90,808	35,510	1,816,364
	<u>18,583,247</u>	<u>13,133,102</u>	<u>5,228,802</u>	<u>1,464,582</u>	<u>3,764,220</u>	<u>27,952,132</u>

31 December 2022

Lease liability schedule

Particulars	Balance as on 01 January 2022	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2022
Display center	8,959,184	11,971,130	6,203,091	1,169,941	5,033,149	15,897,164
Accommodation Building	755,370	805,053	802,105	75,893	726,213	834,211
Warehouse	-	1,880,142	105,265	76,995	28,270	1,851,871
	<u>9,714,554</u>	<u>14,656,326</u>	<u>7,110,461</u>	<u>1,322,828</u>	<u>5,787,633</u>	<u>18,583,247</u>

21 Trade and other payables

Trade payables

Payable to local suppliers	151,063,383	144,065,549
Payable to foreign suppliers	716,182,761	222,739,944
Payable to service provider	59,547,198	71,856,030
Payable to C & F agent	40,588,827	62,174,471
	<u>967,382,169</u>	<u>500,835,994</u>

Other payables

Tax deducted at source	21,093,784	18,039,481
Tax deducted at source on remuneration (Note-23.1)	2,978,476	7,099,944
Tax deducted at source on incentive and bonus (Note-23)	-	7,263,075
VAT deducted at source	1,085,392	8,445,799
VAT and Supplementary duty payable (Note-21.1)	43,317,676	115,766,477
Unclaimed share application	20,061,956	20,061,956
Advance from customer against sales	8,878,506	7,663,680
Security deposit payable	2,091,438	2,075,814
Payable to employees	428,817	1,534,726
Payable to customer against claim	17,535,534	16,656,209
Provisional liabilities - material & services	8,814,152	44,632,834
Payable against purchase of land (Note - 37)	304,150,175	298,137,675
	<u>430,435,906</u>	<u>547,377,670</u>
	<u>1,397,818,075</u>	<u>1,048,213,664</u>

21.1 VAT and Supplementary duty (SD) payable

Opening Balance	115,766,477	117,438,944
Add: VAT and Supplementary duty on sales	1,230,442,592	2,512,675,861
Other payable	878,873	211,101
	<u>1,347,087,942</u>	<u>2,630,325,905</u>
Less: Treasury deposit for SD & VAT purpose	885,335,115	1,633,832,497
Rebate of Input VAT	416,435,151	880,726,931
	<u>1,303,770,266</u>	<u>2,514,559,428</u>
Balance as at 30 June	<u>43,317,676</u>	<u>115,766,477</u>

22 Unclaimed Dividend Payable

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 30 June 2023	Fund Transferred to CMSF	Undistributed fund (BDT) as on 30 June 2023
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425	-
2011	379,621,275	65,382,545	314,238,730	306,565,331	7,673,399	-
2012	417,583,403	27,344,749	390,238,653	386,535,373	3,703,280	-
2013	459,341,744	30,693,245	428,648,499	426,108,408	2,540,090	-
2014	842,126,528	60,654,665	781,471,863	776,464,072	5,007,791	-
2015	842,126,528	61,659,449	780,467,078	776,773,479	3,693,599	-
2016	673,701,222	48,745,089	624,956,133	620,752,883	4,203,250	-
2017	353,693,141	27,276,252	326,416,889	324,757,456	1,659,433	-
2018	389,062,456	29,888,903	359,173,553	357,227,075	1,946,478	-
2019	641,953,052	49,029,624	592,923,428	588,305,450	4,617,978	-
2020	427,968,701	32,747,652	395,221,049	392,403,574	-	2,817,475
2021	534,960,876	39,123,334	495,837,543	492,883,697	-	2,953,846
2022	427,968,701	34,965,753	393,002,948	390,511,172	-	2,491,776
	<u>6,735,217,875</u>	<u>567,709,557</u>	<u>6,167,508,318</u>	<u>6,113,548,498</u>	<u>45,699,723</u>	<u>8,263,097</u>

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 31 Dec 2022	Fund Transferred to CMSF	Undistributed fund (BDT) as on 31 Dec 2022
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425	-
2011	379,621,275	65,382,545	314,238,730	306,565,331	7,673,399	-
2012	417,583,403	27,344,749	390,238,653	386,535,373	3,703,280	-
2013	459,341,744	30,693,245	428,648,499	426,108,408	2,540,090	-
2014	842,126,528	60,654,665	781,471,863	776,464,072	5,007,791	-
2015	842,126,528	61,659,449	780,467,078	776,773,479	3,693,599	-
2016	673,701,222	48,745,089	624,956,133	620,752,883	4,203,250	-
2017	353,693,141	27,276,252	326,416,889	324,757,456	1,659,433	-
2018	389,062,456	29,888,903	359,173,553	357,227,075	1,946,478	-
2019	641,953,052	49,029,624	592,923,428	586,814,480	-	6,108,948
2020	427,968,701	32,747,652	395,221,049	392,398,879	-	2,822,171
2021	534,960,876	39,123,334	495,837,543	492,866,695	-	2,970,848
	6,307,249,174	532,743,804	5,774,505,371	5,721,521,659	41,081,745	11,901,967

	30 June 2023	31 Dec 2022
	Taka	Taka
23 Accrued expenses		
Power and gas	191,605,835	45,724,712
Staff cost	137,631,813	116,913,361
Dealer's Incentive and bonus	35,084,846	65,367,671
Audit fees	1,020,000	1,840,000
Professional charges	1,548,745	460,497
Interest on loans	8,558,729	7,598,906
Telephone	348,120	236,848
Freight bill	2,000,000	1,750,586
Business promotion and advertisement	32,352,054	32,591,430
Hiring heavy equipment	3,032,296	1,660,994
Managing Director's remuneration (Note 23.1)	8,935,428	21,299,832
Worker's profit participation and welfare fund (Note 23.2)	18,910,959	45,079,009
Royalty and technical know-how fees (Note 23.3)	508,534,361	478,068,907
Others	6,729,508	14,653,834
	956,292,695	833,246,587
23.1 Managing Director's remuneration		
Balance as at 1 January	21,299,832	26,422,103
Add: Payable to Managing Director for the period	11,913,904	28,399,776
	33,213,736	54,821,879
Less: Tax deducted at source during the period (Note 21)	2,978,476	7,099,944
Less: Paid to Managing Director during the period	21,299,832	26,422,103
Balance as at 30 June	8,935,428	21,299,832
23.2 Worker's profit participation and welfare fund		
Balance as at 1 January	45,079,009	55,919,793
Add: Contribution made to the fund during the period	18,910,959	45,079,009
	63,989,968	100,998,802
Less: Payment made from the fund during the period	45,079,009	55,919,793
Balance as at 30 June	18,910,959	45,079,009
23.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	478,068,907	407,974,519
Add: Provision made during the period	30,465,454	70,094,388
Balance as at 30 June	508,534,361	478,068,907
24 Provision for Income Tax		
Balance as at 1 January	4,521,948,955	4,272,115,156
Add: Provision made during the period	115,757,509	249,833,799
	4,637,706,464	4,521,948,955
Less: Adjustment for completed assessment	(71,228,410)	-
Balance as at 30 June (Note 24.1)	4,566,478,054	4,521,948,955
24.1 Provision for Income Tax		
Income year		
Current period	115,757,509	-
Year 2022	249,833,799	249,833,799
Year 2021	300,848,645	300,848,645
Year 2020	137,014,355	137,014,355
Year 2019	296,420,303	296,420,303
Year 2018	316,355,666	316,355,666
Year 2017	346,089,883	346,089,883
Year 2016	302,798,649	302,798,649
Year 2015	323,397,728	323,397,728
Year 2014	339,893,487	377,885,822
Year 2013	362,336,361	362,336,361
Year 2012	305,056,870	339,211,366
Year 2011	326,685,215	326,685,215
Year 2010	349,879,112	348,965,691
Year 2009	266,828,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	4,566,478,054	4,521,948,955

	30 June 2023	30 June 2022	April to June 2023	April to June 2022
	Taka	Taka	Taka	Taka
25 Sales				
Gross sales from Ceramics product	5,308,692,421	5,412,835,159	2,493,818,724	2,544,689,335
Gross sales from Power generation	362,217,357	220,389,464	187,145,682	108,283,149
Gross sales from Security service	54,276,889	47,634,738	28,620,695	25,651,905
	<u>5,725,186,667</u>	<u>5,680,859,361</u>	<u>2,709,585,101</u>	<u>2,678,624,389</u>
Less: Elimination	340,363,987	214,185,967	175,654,627	106,450,800
Supplementary Duty	536,409,461	540,387,875	253,152,492	252,159,300
VAT	747,314,499	739,874,155	353,609,125	348,875,592
Discount	678,316	7,792,452	379,437	4,612,152
Commission, Incentive and bonus	286,422,902	375,593,009	122,145,872	170,038,539
Net sales	<u>3,813,997,502</u>	<u>3,803,025,903</u>	<u>1,804,643,548</u>	<u>1,796,486,007</u>
26 Cost of sales				
Materials consumed:				
Opening Inventory as at 1 January	1,589,019,169	1,312,339,347	1,236,111,752	1,096,113,680
Add: Purchase during the period	<u>1,438,309,032</u>	<u>1,710,439,565</u>	<u>849,608,288</u>	<u>1,071,580,047</u>
	<u>3,027,328,201</u>	<u>3,022,778,912</u>	<u>2,085,720,040</u>	<u>2,167,693,727</u>
Less: Closing Inventory as at 30 June	<u>1,199,216,651</u>	<u>1,396,836,054</u>	<u>1,199,216,651</u>	<u>1,396,836,054</u>
	<u>1,828,111,550</u>	<u>1,625,942,858</u>	<u>886,503,389</u>	<u>770,857,673</u>
Manufacturing overhead:				
Direct labour (note 26.1)	377,729,086	349,936,950	191,579,006	169,521,947
Direct expenses:				
Power and gas	438,467,004	176,574,636	235,212,111	84,639,738
Repairs and Indirect materials (note 26.2)	445,583,163	477,803,446	221,888,312	236,464,652
Depreciation on property, plant & equipment (note 5.2)	201,133,762	198,349,326	101,819,250	99,055,980
Royalty and technical know-how/assistance fees *	30,465,454	44,982,011	13,169,964	18,411,845
Other production overhead (note 26.3)	51,924,560	43,905,621	29,998,938	24,295,214
Provision for slow moving & obsolete inventories (note 9)	4,081,162	255,100	3,491,221	865,492
Movement in stock	<u>(526,632,075)</u>	<u>(242,828,419)</u>	<u>(327,066,741)</u>	<u>(134,613,174)</u>
	<u>2,850,863,666</u>	<u>2,674,921,529</u>	<u>1,356,595,451</u>	<u>1,269,499,367</u>
26.1 Direct labour				
Salary & wages	260,823,873	234,888,481	130,965,205	116,235,285
Overtime	16,444,011	26,011,763	8,975,856	14,650,317
Bonus	39,857,888	21,517,647	20,694,494	3,049,935
Incentive	226,811	32,498	226,811	-
Temporary labour wages	29,463,899	33,032,064	14,791,518	18,717,603
Staff uniform, safety and welfare expenses	1,487,490	612,801	1,223,463	265,125
Gratuity	11,395,248	14,927,900	5,712,087	7,295,793
Employer's contribution to provident fund	14,105,339	12,973,562	7,038,589	6,350,840
Leave encashment	2,032,731	4,178,732	1,028,687	2,005,200
Group life insurance	1,891,796	1,583,966	922,296	774,313
Compensation		177,536		177,536
	<u>377,729,086</u>	<u>349,936,950</u>	<u>191,579,006</u>	<u>169,521,947</u>
26.2 Repairs and Indirect materials				
Stores, spares, repair & maintenance	229,037,588	253,454,516	120,191,441	121,589,785
Packing expenses	<u>216,545,575</u>	<u>224,348,930</u>	<u>101,696,871</u>	<u>114,874,867</u>
	<u>445,583,163</u>	<u>477,803,446</u>	<u>221,888,312</u>	<u>236,464,652</u>
26.3 Other production overhead				
Tour and travel expenses	1,966,428	1,112,007	849,557	839,697
Demurrage and penalty	8,376,014	1,342,345	8,017,037	632,600
Insurance	12,367,887	13,200,298	6,147,110	6,412,547
Hiring charges and transportation	1,767,714	3,313,869	960,213	979,650
Write off for stores and spares	25,171,179	22,654,062	12,589,589	14,506,586
Other expenses	2,275,338	2,283,040	1,439,432	924,134
	<u>51,924,560</u>	<u>43,905,621</u>	<u>29,998,938</u>	<u>24,295,214</u>
*Royalty has been calculated 8% on business profit as per Finance Act 2020.				
27 Other Income				
Dividend Income	-	100	-	-
Profit on sale of fixed assets (note 5.3)	<u>1,419,144</u>	<u>-</u>	<u>931,150</u>	<u>-</u>
	<u>1,419,144</u>	<u>100</u>	<u>931,150</u>	<u>-</u>

	30 June 2023	30 June 2022	April to June 2023	April to June 2022
	Taka	Taka	Taka	Taka
28 Administrative expenses				
Staff cost (note 28.2)	116,761,425	98,799,287	58,923,834	48,633,852
Annual General Meeting expenses	1,541,312	1,386,866	433,462	625,366
Telephone and postage	7,522,189	5,864,902	4,223,698	3,585,589
Office repair and maintenance (note 28.3)	4,617,168	4,249,925	2,559,021	1,879,036
Registration and renewal	1,064,059	593,966	736,981	372,080
Security and guard expenses	138,666	85,212	91,800	42,606
Electricity, gas and water	2,960,462	3,619,519	1,779,205	2,055,217
Depreciation on property, plant & equipment (note 5.2.1)	16,865,664	15,194,483	8,737,807	7,753,674
Depreciation on investment property (note 5.2.1)	110,047	110,047	55,328	55,328
Depreciation on right of use assets (note 6.1)	373,775	356,748	186,887	178,373
Amortization (note 7)	697,796	705,188	387,443	323,340
Legal and professional fees	7,137,600	6,882,117	3,213,583	4,059,558
Vehicle repair and maintenance	8,892,518	7,844,173	4,521,997	4,792,865
Rent, rate and tax	4,554,396	2,703,556	2,059,253	711,313
Loss on retirement of assets (note 5.3)	-	1,663,221	-	1,388,964
IT expenses	14,218,150	1,441,183	13,759,618	885,654
General Service	3,204,911	2,489,552	1,612,053	1,231,359
Donation	3,578,753	1,938,371	931,423	1,273,115
Managing Director's remuneration (note 28.4)	11,913,904	18,680,523	5,191,294	7,170,381
Others	10,027,640	6,653,958	3,515,180	3,134,830
	216,180,435	181,262,797	112,919,867	90,152,500
28.1 Impairment loss on trade receivables				
Unrelated parties	2,656,616	8,219	2,656,616	8,219
Related parties	9,103,333	12,329	9,071,891	9,566
	11,759,949	20,548	11,728,507	17,785
New classification of financial assets shown in note 36.1(b) as per IFRS 9.				
28.2 Staff cost				
Salary & wages	75,823,366	69,686,858	39,368,286	34,216,616
Bonus	11,265,848	5,854,607	5,720,492	458,824
Incentive	579,496	362,941	361,916	178,049
Gratuity	3,222,352	4,183,591	1,615,559	2,047,057
Employer's contribution to provident fund	4,186,099	3,826,231	2,099,654	1,881,376
Leave encashment	630,686	1,192,713	316,949	570,804
Group life insurance	501,944	417,164	252,437	199,007
Canteen and conveyance expenses	12,368,865	9,151,966	8,498,133	6,307,948
Staff uniform, safety and welfare expenses	4,064,173	1,542,900	472,973	729,858
Travelling expenses	2,654,596	1,508,057	506,198	1,406,737
Compensation	80,028	246,184	-	246,184
Medical expenses	398,924	272,478	285,880	33,014
Accommodation expenses	985,048	553,597	425,357	417,295
Other employee benefit	-	-	-	(58,917)
	116,761,425	98,799,287	58,923,834	48,633,852
Accommodation expenses Includes rent expenses for short term lease for BDT. 78,000 and related government levies wherever applicable. Details of the short term lease is shown in Note 35. No low value item exists at the reporting period.				
28.3 Office repair & maintenance				
Repairs office equipment	290,943	1,204,716	267,613	60,263
Office maintenance	4,326,225	3,045,209	2,291,409	1,818,773
	4,617,168	4,249,925	2,559,021	1,879,036
28.4 Managing Director's remuneration				
Provision made during the period	11,913,904	18,680,523	5,191,294	7,170,381
	11,913,904	18,680,523	5,191,294	7,170,381
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.				
29 Marketing & selling expenses				
Staff cost (note 29.1)	70,167,466	51,482,097	35,495,325	25,653,495
Advertisement	22,366,027	5,417,791	5,149,903	3,577,158
Freight and transportation	156,358,780	171,196,832	65,347,421	86,768,032
Compensation to customers	5,634,363	5,435,462	3,698,438	2,280,906
Business promotion	40,038,930	50,722,450	19,228,830	17,310,262
Depreciation on property, plant & equipment (note 5.2)	4,126,113	3,199,948	2,133,472	1,642,195
Depreciation on right of use assets (note 6.1)	6,262,352	3,819,865	3,131,175	1,955,152
Showroom, office & house rent	1,669,003	711,272	519,683	359,386
Sample expenses	16,007,906	8,983,347	6,529,698	3,972,063
Tour, travel and others	9,124,872	5,466,736	3,918,090	3,142,871
	331,755,512	306,435,860	145,152,035	146,661,520
29.1 Staff cost				
Salary & wages	40,245,812	31,972,981	20,042,854	16,347,225
Bonus	5,431,892	2,506,131	2,737,344	199,157
Incentive	7,755,086	7,141,566	4,192,060	4,283,225
Gratuity	1,825,209	2,072,546	908,071	1,062,639
Employer's contribution to provident fund	2,318,019	1,902,559	1,152,842	1,009,496
Leave Encashment	344,434	613,932	171,394	312,805
Group life insurance	330,896	201,565	148,350	100,289
Conveyance & food expenses	10,541,119	5,012,472	4,767,411	2,280,314
Staff uniform, safety and welfare expenses	1,374,999	58,345	1,374,999	58,345
	70,167,466	51,482,097	35,495,325	25,653,495

	30 June 2023 Taka	30 June 2022 Taka	April to June 2023 Taka	April to June 2022 Taka
29.2 Salary & wages under staff cost (note no. 26.1, 28.2 & 29.1) Includes employee contribution to provident fund for BDT. 14,105,339, BDT. 4,186,099 & BDT. 2,318,019.				
30 Finance Income				
Interest on bank account (SND)	9,140,479	4,730,633	7,441,703	3,262,412
Interest on fixed deposits	14,840,615	26,354,262	5,060,979	11,946,163
	23,981,094	31,084,895	12,502,682	15,208,575
31 Finance expenses				
Interest expenses against loan	11,742,670	6,794,728	6,535,083	4,165,279
Interest expenses against lease liability	1,464,582	453,772	708,864	234,332
Foreign exchange loss	11,685,545	56,615,256	6,272,120	47,511,602
Bank charges	850,836	1,112,989	248,029	640,187
	25,743,633	64,976,745	13,764,097	52,551,400
32 Contribution to worker's profit participation and welfare fund				
Provision made during the period	18,910,959	29,651,623	8,240,149	11,381,557
	18,910,959	29,651,623	8,240,149	11,381,557
33 Income tax expenses				
Accounting profit (PBT as per Individual company)	386,183,287	622,841,596	169,677,274	241,432,451
Add: Inadmissible depreciation allowance for separate consideration: Accounting Depreciation of Fixed Assets	222,235,584	216,853,804	112,768,354	108,507,176
	608,418,871	839,695,400	282,445,628	349,939,627
Add: Inadmissible expenses / allowances as per ITO, 1984:				
Business promotion expenses	12,868,780	23,182,211	6,534,272	4,363,573
Royalty expenses	28,753	268,011	20,919	11,208
Sample expenses	10,670,219	3,314,773	4,109,761	1,446,635
Amortization expenses	608,166	660,558	342,505	300,902
Depreciation on Right of Use Assets (ROUA)	6,636,127	4,176,611	3,318,062	2,133,524
Interest on lease liability	1,464,582	453,772	708,864	234,332
Provision for slow moving inventories	4,081,162	255,100	3,491,221	255,100
NRV Provision on Inventories	8,682,510	2,788,724	8,682,510	2,788,724
Impairment loss on trade receivable	11,736,261	-	11,736,261	-
	56,776,561	35,099,760	38,944,375	11,533,997
	665,195,432	874,795,160	321,390,003	361,473,624
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984):	(144,747,546)	(140,900,724)	(78,540,135)	(73,047,455)
Admissible expenses as per ITO,1984:				
Rent expenses	(8,721,089)	(5,730,510)	(4,703,999)	(2,894,005)
Deduct: Dividend Income	(1,980,000)	(45,949,800)	-	(91,899,600)
Taxable profit	509,746,798	682,214,126	238,145,869	377,431,765
Applicable tax rate for Individual company				
On Business Income		As per applicable tax rate for individual company		
On Dividend Income	20%	20%	20%	20%
Tax expenses as per applicable tax rate for Individual company :				
Business Income	115,357,509	155,304,145	53,979,523	64,609,261
Dividend Income	400,000	9,199,980	-	-
Current Tax Liability	115,757,509	164,504,125	53,979,523	64,609,261
34 Reconciliation of effective tax rate				
		30 June 2023 Taka		30 June 2022 Taka
Profit before tax	%	384,183,286	%	576,841,796
Current tax expenses	30.13%	115,757,509	28.52%	164,504,125
Deferred tax expenses	-4.39%	(16,854,088)	-3.14%	(18,118,413)
Total tax expenses	25.74%	98,903,421	25.38%	146,385,712
Expected Income tax using applicable tax rate for Individual company	22.74%	87,360,249	24.56%	141,649,903
Tax on non-deductible expenses	7.4%	28,397,260	4.0%	22,854,223
Effective current tax	30.13%	115,757,509	28.52%	164,504,125
Effective deferred tax	-4.39%	(16,854,088)	-3.14%	(18,118,413)
	25.74%	98,903,421	25.38%	146,385,712
35 Short term lease expenses				
		30 June 2023 Taka		30 June 2022 Taka
Nature of the lease	Lease term	Rent Payment	Rent Payment	
Rented accommodation	<1 year	78,000	78,000	
	Allocation		39,000	39,000
	Admin	78,000	78,000	39,000

36 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

36.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD		Amounts in Taka	
	As at 30 June 2023	As at 31 Dec 2022	As at 30 June 2023	As at 31 Dec 2022
Trade receivables				
Customer-Local	-	-	2,121,120,152	1,523,479,675
	-	-	<u>2,121,120,152</u>	<u>1,523,479,675</u>
Other receivables				
Accrued interest			1,115,246	1,094,375
			<u>1,115,246</u>	<u>1,094,375</u>
Cash equivalents			661,356,452	1,270,834,191

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 30 June 2023.

Financial assets	Note	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9	Impairment loss (Refer note 10.1)
Trade receivable-unrelated	10.1	Loan & receivable	Amortized cost	889,201,831	880,505,882	8,695,949
Trade receivable-related	10.1	Loan & receivable	Amortized cost	1,255,762,108	1,240,614,270	15,147,838
Cash & cash equivalent	13	Loan & receivable	Amortized cost	661,356,451	661,356,451	-

ⁱ The above table provides information ECLs till date. Impairment provision till Dec 2022 was Tk. 12,083,838 and provision made during the period is Tk. 11,759,949.

ⁱⁱ Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these receivables was recognised in the current period on transition to IFRS 9.

ⁱⁱⁱ Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

^{iv} Impairment loss allowance has not been considered on other receivables and bank balances because business is confident to recover the full amount from the party.

c) Ageing of receivables

The ageing of trade receivables as at 30 June was:

	Amounts in Taka	
	As at 30 June 2023	As at 31 Dec 2022
Not past due	1,491,010,154	1,328,198,931
0-90 days past due	109,794,172	119,056,142
91-180 days past due	470,320,820	43,494,110
181-365 days past due	24,492,372	29,094,918
over 365 days past due	25,502,634	3,635,574
	<u>2,121,120,152</u>	<u>1,523,479,675</u>

36.2 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 2023			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	49,369,363	49,369,363	49,369,363	-
Trade and other payables	1,397,818,075	1,397,818,075	1,397,818,075	-
Short term borrowing	446,264,473	446,264,473	446,264,473	-
Term loan	88,322,738	88,322,738	-	88,322,738
	2,031,144,012	2,031,144,012	1,942,821,274	88,322,738

	As at 31 Dec 2022			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,048,213,664	1,048,213,664	1,048,213,664	-
Short term borrowing	372,805,793	372,805,793	372,805,793	-
	1,421,019,457	1,421,019,457	1,421,019,457	-

36.3 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, 15% of export proceeds are crediting to export retention quota account and rest of the 85% are converted to Taka and crediting to company's current account.

1 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 2023				As at 31 Dec 2022			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets								
Cash at bank	-	-	22,321	-	-	-	24,486	-
	-	-	22,321	-	-	-	24,486	-

	As at 30 June 2023				As at 31 Dec 2022			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated liabilities								
Trade payables	27,050	275,452	2,573,186	3,287,425	4,442	238,847	1,124,326	699,445
Short term borrowings	27,050	-	3,824,917	274,442	-	-	3,463,724	158,080
Royalty & Technical Fees	-	-	4,707,780	-	-	-	4,659,391	-
	54,100	275,452	11,105,883	3,561,867	4,442	238,847	9,247,441	857,525
Net exposure	(54,100)	(275,452)	(11,083,562)	(3,561,867)	(4,442)	(238,847)	(9,222,955)	(857,525)

The Company has foreign exchange loss of Tk 11,685,545 during the period ended 30 June 2023 (30 June 2022: Exchange loss Tk 56,615,256).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	30 June 2023	31 Dec 2022
	Taka	Taka
AED	29.2704	27.7608
GBP	136.8818	123.8037
USD	107.5100	101.8017
EURO	117.1429	108.6137

I 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 at 30 June would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 June 2023		As at 31 Dec 2022	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 June				
AED (3 percent movement)	(1,673)	1,576	(137)	129
GBP (3 percent movement)	(8,519)	8,023	(7,387)	6,957
USD (3 percent movement)	(342,791)	322,822	(285,246)	268,630
EURO (3 percent movement)	(110,161)	103,744	(26,521)	24,976

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Profile

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

	Carrying amount	
	As at 30 June 2023	As at 31 Dec 2022
	Taka	Taka
Fixed rate Instruments		
Financial assets		
Investment in FDR	267,139,105	617,139,105
Cash at banks	394,217,347	653,695,085
Financial liabilities		
Term loan	88,322,738	-
Bank overdraft	49,369,363	-
Short term borrowing	446,264,473	372,805,793

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 2023		As at 31 Dec 2022	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	267,139,105	267,139,105	617,139,105	617,139,105
Loans and receivables				
Trade receivables	2,121,120,152	2,121,120,152	1,523,479,675	1,523,479,675
Other receivables	1,115,246	1,115,246	1,094,375	1,094,375
Cash equivalents	661,356,452	661,356,452	1,270,834,191	1,270,834,191
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	88,322,738	88,322,738	-	-
Bank overdraft	49,369,363	49,369,363	-	-
Trade and other payables	1,397,818,075	1,397,818,075	1,048,213,664	1,048,213,664
Short term borrowing	446,264,473	446,264,473	372,805,793	372,805,793

Interest rates used for determining amortised cost

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

	30 June 2023	31 Dec 2022
Investment in FDR (local currency/BDT)	1.50%-6.75%	1.50%-6.75%
Bank overdraft (local currency/BDT)	9%	9%
Short term bank loan (local currency/BDT)	9%	9%
Short term bank loan (foreign currency/USD)	SOFR+2.00%-3.50%	SOFR+2.00%-3.50%

37 Related party disclosures under IAS-24

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

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Dividend Income***	Amounts in Taka	
											Royalty payable***	Royalty payable***
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	314,971,615	1,565,220	1,565,220	119,115,707	-	-	-	-
				Previous period	191,643,012	2,504,346	2,504,346	108,283,149	-	40,999,800	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	24,770,484	-	-	4,267,621	-	1,980,000	-	-
				Previous period	21,545,374	-	-	9,088,810	-	4,950,000	-	-
RAK Ceramics PISC, UAE	Parent	Unsecured	Nil	Current period	19,763,567	-	-	45,240,092	-	-	-	-
				Previous period	3,916,680	-	-	22,560,628	-	-	-	-
Ceramlin FZ LLC	Fellow subsidiary	Secured	Nil	Current period	404,914,616	-	-	140,206,304	-	-	-	508,534,361
				Previous period	555,295,965	-	-	195,323,788	-	-	-	452,956,530
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	Current period	706,935	-	-	-	-	-	-	-
				Previous period	-	-	-	-	-	-	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	423,872	-	-	-	-	-	-	-
				Previous period	-	-	-	-	-	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period	89,980,886	-	-	21,124,121	-	-	-	-
				Previous period	50,535,875	-	-	17,265,632	-	-	-	-
Palli Properties Pte. Ltd (*)	Other related party	Unsecured	Nil	Current period	8,108,295	-	-	6,239,060	-	-	-	-
				Previous period	5,925,593	-	-	-	-	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	2,696,206	-	-	30,100	-	-	-	-
				Previous period	659,562	-	-	-	-	-	-	-
Masram Agro Ltd.(**)	Other related party	Unsecured	Nil	Current period	-	-	-	209,743,750	-	-	-	-
				Previous period	-	-	-	-	-	-	-	-
Speedway International Pvt. Ltd	Other related party	Unsecured	Nil	Current period	27,091,421	-	-	17,424,360	-	-	-	-
				Previous period	11,939,649	-	-	2,146,299	-	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period	738,100	-	-	-	-	-	-	-
				Previous period	-	-	-	6,414	-	-	-	-
Pelikan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	7,843,174	-	-	-	-	-	-	-
				Previous period	-	-	-	-	-	-	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period	1,394,789,992	-	1,255,622,096	-	-	-	-	-
				Previous period	1,443,321,228	-	667,600,910	-	-	-	-	-
S.A.K. Ekramuzzaman (***)	Key Management Personnel	Unsecured	Nil	Current period	2,819,112	-	-	97,329,353	11,913,904	-	-	-
				Previous period	2,181,110	-	-	14,010,392	18,680,523	-	-	-
Sadhan Kumar Dey	Key Management Personnel	Unsecured	Nil	Current period	-	-	-	5,401,244	-	-	-	-
				Previous period	-	-	-	4,619,804	-	-	-	-

* Transaction represents purchase of 0.35 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 6,012,500 excluding registration and other expenses from Palli Properties Pte. Limited as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. The land registered in the name of the Company but no payment has been made until 30 June 2023. Therefore, said amount showing as payable against purchase of land (Note-21).

** Transaction represents purchase of 11.32 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 209,743,750 excluding registration and other expenses from Masram Agro Ltd. as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. The land registered in the name of the Company dated August 14, 2022 but no payment has been made until 30 June 2023. Therefore, said amount is showing as payable against purchase of land (Note-21).

*** Purchase includes 21.79 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 402,090,100 including registration and other expenses from S.A.K Ekramuzzaman as approved by the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. Out of total payable BDT. 402,090,100 an amount of BDT. 313,696,475 has been paid to Mr. S.A.K. Ekramuzzaman and balance BDT. 88,393,625 is showing as payable against purchase of land (Note -21).

**** The figures are included tax and VAT.
37.1 The Group has decided to purchase of 33.91 acres of land at Bhutulla, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 627.34 million excluding registration and other expenses from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others in its Board of Directors meeting dated June 13, 2022 and subsequent approval of the shareholders of the company in Extra Ordinary General Meeting held on August 4, 2022. Out of total 33.91 acres of land 33.40 acres has been registered in the name of the Company and balance land is under process of registration. The land was proposed to be utilized for greenfield expansion of tiles plant with an additional production capacity of 15,000 sqm of tiles per day, has been decided in the Board of Directors meeting as mentioned above. The total cost of the project was estimated BDT. 9,025 Million.

The Group has also decided to establish a new faucets plant with production capacity of 1,500 pcs per day on the above land in the Board of Directors meeting held on July 20, 2022. The total cost of the project estimated BDT. 950 Million.
 To comply the BSEC notification no. BSEC/CMRRCD/2009-193/10/Admin/118 dated March 22, 2021 shareholders of the company in its 23rd Annual General Meeting dated March 31, 2022 approved an agenda to enter into contract for supply of goods and materials to Mohammed Trading (Owner of Mohammed Trading Is Managing Director of RAK Ceramics (Bangladesh) Limited) equivalent to 10% (Ten percent) or above of the revenue for the immediate financial year.*

37.2 Paid to Directors
 During the period, provision was made as MD's remuneration for Taka. 11,913,904.

37.3 During the period, Board meeting fees of Taka 180,000 was paid to the board members for attending the Board meetings.

38 Segment reporting

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

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

Power: To 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, verification services, termite and pest control services and set up manpower technical training.

30 June 2023

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	
	Iaka	Iaka	Iaka	Iaka	Iaka
Revenue - external customers	3,790,269,739	-	23,727,764	-	3,813,997,502
Revenue - inter segment	-	314,971,615	25,392,372	(340,363,987)	-
Total segment revenue	3,790,269,739	314,971,615	49,120,136	(340,363,987)	3,813,997,502
Cost of sales- external customer	(2,511,510,248)	(303,590,300)	(35,763,118)	-	(2,850,863,666)
Cost of sales- inter segment	(314,971,615)	(2,187,108)	-	317,158,723	-
Total segment cost of sales	(2,826,481,863)	(305,777,408)	(35,763,118)	317,158,723	(2,850,863,666)
Gross profit	963,787,876	9,194,207	13,357,018	-	963,133,836
Dividend income	1,980,000	20,000	-	(2,000,000)	-
Rental income	1,565,220	-	-	(1,565,220)	-
Financial income	23,267,500	698,319	15,276	-	23,981,094
Financial expenses	(25,729,689)	(9,729)	(4,215)	-	(25,743,633)
Depreciation	(212,433,310)	(9,713,960)	(88,316)	-	(222,235,586)
Other operating expenses	(375,631,568)	4,943,141	(10,453,624)	24,770,484	(356,371,567)
Segment profit before tax	378,219,177	5,131,978	2,832,132	-	384,183,286
Income tax expense	(112,396,171)	(2,502,536)	(858,802)	-	(115,757,509)
Deferred tax	15,768,556	1,070,151	15,381	-	16,854,088
Profit for the period					285,279,865

30 June 2022

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and services	Inter segment	
	Iaka	Iaka	Iaka	Iaka	Iaka
Revenue - external customers	3,782,432,010	-	20,593,894	-	3,803,025,903
Revenue - inter segment	-	191,643,012	22,542,955	(214,185,967)	-
Total segment revenue	3,782,432,010	191,643,012	43,136,849	(214,185,967)	3,803,025,903
Cost of sales- external customer	(2,488,323,795)	(154,304,646)	(32,293,086)	-	(2,674,921,529)
Cost of sales- inter segment	(191,643,012)	(3,501,927)	-	195,144,939	-
Total segment cost of sales	(2,679,966,807)	(157,806,573)	(32,293,086)	195,144,939	(2,674,921,529)
Gross profit	1,102,465,203	33,836,439	10,843,763	-	1,128,104,374
Dividend income	45,949,800	50,000	100	(45,999,800)	100
Rental income	2,504,346	-	-	(2,504,346)	-
Financial income	30,635,323	424,131	25,440	-	31,084,894
Financial expenses	(64,966,405)	(6,047)	(4,293)	-	(64,976,744)
Depreciation	(203,397,358)	(13,358,502)	(97,944)	-	(216,853,804)
Other operating expenses	(320,158,445)	8,059,630	(9,963,584)	21,545,374	(300,517,026)
Segment profit before tax	593,032,464	29,005,651	803,482	-	576,841,796
Income tax expense	(154,591,366)	(9,667,203)	(245,556)	-	(164,504,125)
Deferred tax	14,697,402	3,410,325	10,686	-	18,118,413
Profit for the period					430,456,084

	<u>30 June 2023</u> Taka	<u>30 June 2022</u> Taka
39 Calculation of Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	285,279,847	430,455,973
(b) No. of ordinary equity shares	427,968,701	427,968,701
(c) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Earnings per share (EPS) for the period (a÷c)	0.67	1.01
Diluted earnings per share for the period (a÷c)	0.67	1.01

39.1 Weighted average number of ordinary shares

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Outstanding shares	427,968,701	427,968,701
	427,968,701	427,968,701

39.2 Diluted earning per share

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

39.3 Reason of deviation of earnings per share:

Due to the revised and responsive business strategy taken by the management, sales are increased by 0.29% from BDT. 3,803.03 MN to BDT. 3,813.99 MN but gross profit margin has been reduced from 29.66% to 25.25% due to non availability of adequate gas, increase in gas price, electricity price, significant volatility of foreign currency market, disruption of global supply chain caused increase of all input raw material price and shipping freight. Therefore, earning per share is also decreased from BDT. 1.01 to BDT. 0.67.

40 Calculation of Net assets value per share

(a) Net assets value (Note 14, 15 & 16)	7,494,463,535	7,396,022,865
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net assets value per share (a÷b)	17.51	17.28

41 Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 42)	(35,336,075)	10,820,781
(b) Weighted average no. of equity shares outstanding (Note 39.1)	427,968,701	427,968,701
Net operating cash flow per share (a÷b)	(0.08)	0.03

41.1 Reason of deviation of net operating cash flow per share:

Due to the revised and responsive business strategy taken by the management, sales are increased by 0.29% from BDT. 3,803.03 MN to BDT. 3,813.99 MN. However, collection has not been increased proportionately. Settlement of multiple import bills in the reporting period causing vendor payment was more compared to collection. Moreover, due to the significant devaluation of foreign currency, increase of imported raw materials and freight, import related payment was more compared to previous period due to depreciation of BDT against foreign currency. Gas and electricity payment also increased due to the price hike of gas rate caused net operating cash flow per share has been decreased from positive BDT 0.03 to BDT. negative 0.08.

42 Reconciliation of operating cash flow:	<u>30 June 2023</u>	<u>30 June 2022</u>
Cash flows from operating activities		
Profit before taxation	384,183,286	576,841,796
Adjustment for:		
Depreciation	228,871,713	221,030,417
Amortization	697,796	705,188
Adjustment relating to assets	3,004,624	-
Advance rent adjustment	(16,604,040)	4,000,000
Loss on assets retirement	-	1,663,221
Foreign exchange loss	11,685,545	56,615,256
Finance expenses	14,058,088	8,361,488
Finance Income	(23,981,094)	(31,084,895)
Other Income	(1,419,144)	(100)
	<u>600,496,773</u>	<u>838,132,371</u>
Increase/decrease In trade and other receivables	(597,640,477)	(139,000,447)
Increase/decrease In Inventories	(447,173,950)	(643,425,635)
Increase/decrease In trade and other payables	495,450,035	61,158,954
Cash generated from operating activities	<u>51,132,387</u>	<u>116,865,244</u>
Interest received from bank deposit	9,140,479	4,730,633
Income tax paid	(95,608,941)	(110,775,096)
Net cash (used in)/from operating activities	<u>(35,336,075)</u>	<u>10,820,781</u>

43 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 533,679,598 (30 June 2022: Tk 997,658,555). 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 480,788,165 (30 June 2022: Tk 926,105,577) and letter of guarantee of Tk 145,784,887 (30 June 2022: Tk 139,177,233).

The company issued one corporate guarantee value BDT. 70 Million (SCB) in favour of subsidiary company to avail loan from banks. Outstanding loan against the said corporate guarantee are nil at 30 June 2023. Therefore no credit loss allowances is expected.