

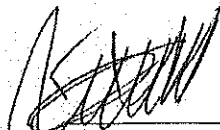
RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 September 2021

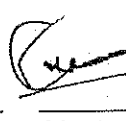
RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 September 2021

| | Notes | <u>30 Sep 2021</u> Taka | <u>31 Dec 2020</u> Taka |
|---|-------|----------------------------|----------------------------|
| Assets | | | |
| Property, plant and equipment | 4 | 2,866,409,530 | 3,087,064,214 |
| Investment property | 5 | 503,290,102 | 503,456,083 |
| Right-of-use assets | 6 | 15,853,573 | 21,183,255 |
| Intangible assets | 7 | 1,995,027 | 3,132,357 |
| Capital work-in-progress | 8 | 9,478,160 | 56,636,694 |
| Total non-current assets | | <u>3,397,026,392</u> | <u>3,671,472,603</u> |
| Inventories | 9 | 2,940,473,307 | 2,026,990,380 |
| Trade and other receivables | 10 | 1,248,813,459 | 1,008,800,248 |
| Advances, deposits and prepayments | 11 | 328,912,806 | 270,311,098 |
| Advance income tax | 12 | 3,786,874,262 | 3,588,659,675 |
| Cash and cash equivalents | 13 | 1,739,087,311 | 1,949,194,840 |
| Total current assets | | <u>10,044,161,145</u> | <u>8,843,956,241</u> |
| Total assets | | <u>13,441,187,537</u> | <u>12,515,428,844</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 | 1,472,709,698 | 1,269,975,797 |
| Equity attributable to equity holders of the company | | <u>7,226,044,687</u> | <u>7,023,310,786</u> |
| Non-controlling interests | | <u>1,365</u> | <u>1,314</u> |
| Total equity | | <u>7,226,046,052</u> | <u>7,023,312,100</u> |
| Liabilities | | | |
| Deferred tax liability | 17 | 138,807,984 | 191,761,301 |
| Lease liability | 20 | 6,155,277 | 9,291,390 |
| Total non-current liabilities | | <u>144,963,261</u> | <u>201,052,691</u> |
| Employees benefits payable | 18 | 14,727,997 | - |
| Borrowings | 19 | 247,399,260 | 119,940,905 |
| Lease liability | 20 | 4,857,431 | 4,505,188 |
| Trade and other payables | 21 | 946,461,717 | 625,493,472 |
| Unclaimed dividend payable | 21.2 | 11,825,935 | 49,576,141 |
| Accrued expenses | 22 | 656,578,669 | 520,281,836 |
| Provision for income tax | 23 | 4,188,327,215 | 3,971,266,511 |
| Total current liabilities | | <u>6,070,178,224</u> | <u>5,291,064,053</u> |
| Total liabilities | | <u>6,215,141,485</u> | <u>5,492,116,744</u> |
| Total equity and liabilities | | <u>13,441,187,537</u> | <u>12,515,428,844</u> |

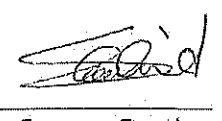
The accompanying notes are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dated, 26 October 2021

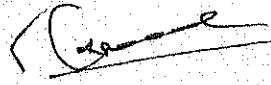
RAK Ceramics (Bangladesh) Ltd.
Consolidated profit or loss and other comprehensive income
for the period ended 30 September 2021

| | Notes | 30 Sep 2021 Taka | 30 Sep 2020 Taka | July to Sep 2021 Taka | July to Sep 2020 Taka |
|---|-------|----------------------|---------------------|--------------------------|--------------------------|
| Sales | 24 | 4,843,267,746 | 3,412,387,458 | 1,574,566,808 | 1,440,128,997 |
| Cost of sales | 25 | (3,392,057,689) | (2,749,850,989) | (1,117,279,237) | (1,066,851,003) |
| Gross profit | | 1,451,210,057 | 662,536,469 | 457,287,571 | 373,277,994 |
| Other income | 26 | 1,334,553 | 2,716,377 | (212,927) | 780,847 |
| Administrative expenses | 27 | (267,100,464) | (246,002,273) | (86,711,569) | (87,969,841) |
| Impairment loss on trade receivables | 27.1 | (401,221) | (4,814,631) | (116,525) | (466,708) |
| Marketing and selling expenses | 28 | (378,018,210) | (289,413,583) | (122,570,210) | (103,730,253) |
| Profit from operating activities | | 807,024,715 | 124,222,359 | 247,676,340 | 181,884,039 |
| Finance income | 29 | 30,719,489 | 38,888,117 | 8,118,029 | 6,745,164 |
| Finance expenses | 30 | (4,166,289) | (14,876,995) | (1,869,430) | (8,001,672) |
| Net finance income | | 26,553,220 | 24,011,122 | 6,248,599 | (1,256,508) |
| Profit before contribution to worker's profit participation and welfare fund | | 833,577,935 | 148,233,481 | 253,924,939 | 180,627,531 |
| Contribution to workers' profit participation and welfare fund | 31 | (38,767,795) | (8,182,825) | (11,425,196) | (8,182,825) |
| Profit before income tax | | 794,810,140 | 140,050,656 | 242,499,743 | 172,444,706 |
| Income tax expense | | | | | |
| Current tax | 32 | (217,060,704) | (70,015,702) | (63,680,599) | (48,603,205) |
| Deferred tax | 17 | 52,953,317 | 19,222,564 | 16,319,820 | 2,183,803 |
| Profit for the period | | 630,702,753 | 89,257,518 | 195,138,964 | 126,025,304 |
| Other comprehensive income | | | | | |
| Total comprehensive income for the period | | 630,702,753 | 89,257,518 | 195,138,964 | 126,025,304 |
| Profit attributable to: | | | | | |
| Equity holders of the company | | 630,702,602 | 89,257,420 | 195,130,918 | 126,025,293 |
| Non-controlling interests | | 151 | 98 | 46 | 11 |
| Profit after tax for the period | | 630,702,753 | 89,257,518 | 195,138,964 | 126,025,304 |
| Basic earnings per share (Par value TK 10) | 38 | 1.47 | 0.21 | 0.46 | 0.29 |

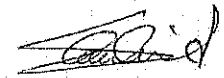
The accompanying notes are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dated, 26 October 2021

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
for the period ended 30 September 2021

| | Attributable to owners of the Company | | | | | |
|--|---------------------------------------|--------------------------|------------------------------|----------------------|--|-------------------------|
| | Share capital Taka | Share premium Taka | Retained earnings Taka | Total Taka | Non- controlling interests Taka | Total equity Taka |
| Balance as at 01 January 2020 | 4,279,687,010 | 1,473,647,979 | 1,601,275,518 | 7,354,610,507 | 1,393 | 7,354,611,900 |
| Total comprehensive income for 2020 Profit for the period | - | - | 89,257,420 | 89,257,420 | 98 | 89,257,518 |
| Transactions with the shareholders | | | | | | |
| Cash dividend (2019) | - | - | (641,953,052) | (641,953,052) | (200) | (641,953,252) |
| Balance as at 30 September 2020 | <u>4,279,687,010</u> | <u>1,473,647,979</u> | <u>1,048,579,886</u> | <u>6,801,914,875</u> | <u>1,291</u> | <u>6,801,916,166</u> |
| Balance as at 01 January 2021 | 4,279,687,010 | 1,473,647,979 | 1,269,975,797 | 7,023,310,786 | 1,314 | 7,023,312,100 |
| Total comprehensive income for 2021 Profit for the period | - | - | 630,702,602 | 630,702,602 | 151 | 630,702,753 |
| Cash dividend (2020) | - | - | (427,968,701) | (427,968,701) | (100) | (427,968,801) |
| Balance as at 30 September 2021 | <u>4,279,687,010</u> | <u>1,473,647,979</u> | <u>1,472,709,698</u> | <u>7,226,044,687</u> | <u>1,365</u> | <u>7,226,046,052</u> |

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
for the period ended 30 September 2021

| | 30 Sep 2021 | 30 Sep 2020 |
|---|------------------------|------------------------|
| | Taka | Taka |
| Cash flows from operating activities | | |
| Cash receipts from customers | 4,596,473,214 | 3,262,800,337 |
| Cash payments to suppliers and employees | <u>(4,228,833,606)</u> | <u>(2,709,188,533)</u> |
| Cash generated from operating activities | 367,639,608 | 553,611,804 |
| Interest received from bank deposits | 5,234,276 | 6,603,815 |
| Income tax paid (note - 12) | <u>(198,214,587)</u> | <u>(110,463,093)</u> |
| Net cash (used in)/from operating activities (note-41.1) | 174,659,297 | 449,752,526 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (73,933,424) | (157,547,590) |
| Sale of property, plant and equipment (note-5.3) | 3,332,000 | 327,500 |
| Interest received from FDR | 31,305,742 | 33,969,571 |
| Income from rental | 266,390 | 1,521,140 |
| Intangible assets | - | (492,890) |
| Insurance claim received | - | 38,287,131 |
| Dividend received | 50 | 100 |
| Net cash (used in)/from investing activities | (39,029,242) | (83,935,038) |
| Cash flows from financing activities | | |
| Finance charges | (3,763,683) | (13,169,142) |
| Avail/(repayment) of short-term loan | 127,458,355 | 85,688,755 |
| Payment of lease liability | (3,439,413) | (8,405,495) |
| Dividend paid | (465,718,907) | (627,708,901) |
| Unclaimed share application refund | (508,800) | - |
| Adjustment related with non-controlling interest | (100) | (200) |
| Net cash (used in)/from financing activities | (345,972,548) | (563,594,983) |
| Effect of exchange rate changes in cash and cash equivalents | 234,964 | 210,071 |
| Net increase/(decrease) in cash and cash equivalents | (210,107,529) | (197,567,424) |
| Cash and cash equivalents as at 01 January | 1,949,194,840 | 1,499,310,101 |
| Cash and cash equivalents as at 30 September (Note 13) | 1,739,087,311 | 1,301,742,677 |

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements as at and for the period ended 30 September 2021

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), Jasimuddin 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 totalling 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 26 October 2021.

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 23 | Provision for income tax |
| Note 27.1 | Impairment on trade receivable |

2.5 Reporting period

These interim financial statements were prepared for a period from 1 January 2021/1 July 2021 to 30 September 2021. The comparative figures cover the period from 1 January 2020/ 1 July 2020 to 30 September 2020/31 December 2020 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.

Impact of COVID-19 pandemic

When assessing going concern assumption of the Company as above, key consideration was the impact of COVID-19 pandemic. The pandemic has caused country-wide lockdown in Bangladesh by the end of March 2020 which caused closure of outlets/stores of the company's dealers, suspension of production in factory, disruption in the supply chain and closure of physical office requiring employees to work from home. In face of uncertainties related to the impact of COVID-19, management has developed adequate plans to minimize the impact on its financial conditions and liquidity. However, since September 2020 the economy has been started returning back to normalcy. Accordingly, the management believes the going concern assumption will remain unaffected from COVID-19.

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

Trade & other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition trade & other receivables are measured at amortised cost using the effective interest method, less any 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 |
| 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 Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

Defined contribution plan (Provident fund)

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

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

Defined benefit plan (Gratuity)

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

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

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

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

3.13 Provisions

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

3.14 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.

ii. 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. 35.1 (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.

i. Rendering of services

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

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

i. Construction contracts

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

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 entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the group has carried out an implementation project.

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 required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

As required by IFRS 9, an allowance for expected credit loss has been recognized on the finance lease receivables.

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 year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2021-2022.

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 years.

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

3.25 Comparatives and reclassification

Comparative information have been disclosed in respect of 2020 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, plant and equipment

30 Sep 2021

| Particulars | C O S T | | | | | D E P R E C I A T I O N | | | | | Net book value as at 30 Sep 2021 |
|------------------------------------|---------------------------|----------------------------|--|---------------------------|----------|---------------------------|---------------------------|------------------------------|---------------------------|----------------------|----------------------------------|
| | Balance as at 01 Jan 2021 | Addition during the period | Sale/disposal transfer during the period | Balance as at 30 Sep 2021 | Rate (%) | Balance as at 01 Jan 2021 | Charged during the period | Adjustment during the period | Balance as at 30 Sep 2021 | | |
| | | | | | | | | | | | |
| Land | 341,565,707 | - | - | 341,565,707 | 5-20 | - | - | - | - | 341,565,707 | |
| Factory building | 1,038,033,128 | 93,236 | - | 1,038,126,364 | 5 | 488,346,178 | 36,482,701 | - | 524,828,879 | 513,297,485 | |
| Office and accommodation building* | 507,945,394 | 12,949,135 | - | 520,894,530 | 5-10 | 174,934,010 | 21,464,908 | - | 196,398,918 | 324,495,611 | |
| Plant and machinery | 5,786,866,673 | 94,474,107 | - | 5,881,340,781 | 10 | 4,073,660,908 | 256,666,300 | (28,881,519) | 4,330,327,209 | 1,551,013,572 | |
| Mobile plant | 142,301,896 | - | (30,666,089) | 111,635,807 | 10-20 | 108,869,473 | 3,740,401 | - | 83,728,354 | 27,907,452 | |
| Electrical installation | 242,630,147 | - | - | 242,630,147 | 10-20 | 208,442,647 | 5,179,390 | - | 213,622,037 | 29,008,110 | |
| Gas pipeline | 79,438,345 | 1,075,709 | - | 80,514,054 | 10-20 | 59,976,468 | 3,036,708 | - | 63,013,175 | 17,500,879 | |
| Furniture and fixtures | 42,711,628 | 4,202,374 | - | 46,914,002 | 10 | 28,184,190 | 2,396,005 | (2,884,194) | 30,580,196 | 16,333,807 | |
| Office equipment | 97,120,412 | 3,272,947 | (2,990,887) | 97,402,473 | 10-20 | 85,303,137 | 3,462,162 | (2,044,836) | 85,881,106 | 11,521,368 | |
| Communication equipment | 13,757,324 | 555,248 | (2,151,070) | 12,161,503 | 10-20 | 8,450,582 | 1,469,963 | (2,044,836) | 7,875,710 | 4,285,793 | |
| Tools and appliances | 19,177,097 | 689,892 | - | 19,866,989 | 10-20 | 13,596,805 | 1,082,455 | - | 14,679,260 | 5,187,729 | |
| Vehicles | 84,511,239 | 3,779,309 | - | 88,290,549 | 10-20 | 59,230,381 | 4,768,152 | - | 63,998,532 | 24,292,016 | |
| Fire fighting equipment | 3,631,012 | - | - | 3,631,012 | 20 | 3,631,012 | - | - | 3,631,012 | - | |
| Total | 8,399,690,002 | 121,091,958 | (35,808,046) | 8,484,973,916 | | 5,312,625,791 | 339,749,145 | (33,810,549) | 5,618,564,386 | 2,866,409,530 | |

Amount in Taka

31 Dec 2020

| Particulars | C O S T | | | | | D E P R E C I A T I O N | | | | | Net book value as at 31 Dec 2020 |
|------------------------------------|---------------------------|--------------------------|--|---------------------------|----------|---------------------------|-------------------------|----------------------------|---------------------------|----------------------|----------------------------------|
| | Balance as at 01 Jan 2020 | Addition during the year | Sale/disposal transfer during the year | Balance as at 31 Dec 2020 | Rate (%) | Balance as at 01 Jan 2020 | Charged during the year | Adjustment during the year | Balance as at 31 Dec 2020 | | |
| | | | | | | | | | | | |
| Land | 338,570,507 | 2,995,200 | - | 341,565,707 | 5-20 | 434,633,410 | 53,712,768 | - | 488,346,178 | 341,565,707 | |
| Factory building | 1,038,033,128 | 100,062,037 | - | 1,038,033,128 | 5 | 119,708,362 | 17,174,934 | 38,050,714 | 174,934,010 | 549,686,949 | |
| Office and accommodation building* | 200,864,019 | 242,044,784 | 207,019,337 | 5,786,866,674 | 5-10 | 3,758,357,220 | 315,353,914 | (50,225) | 4,073,660,908 | 333,011,384 | |
| Plant and machinery | 5,545,628,139 | 142,301,896 | (806,250) | 5,786,866,674 | 10 | 103,632,451 | 5,237,022 | - | 108,869,473 | 1,713,205,765 | |
| Mobile plant | 142,301,896 | - | - | 142,301,896 | 10-20 | 200,863,110 | 7,579,537 | - | 208,442,647 | 33,432,423 | |
| Electrical installation | 242,630,147 | - | - | 242,630,147 | 10-20 | 56,251,363 | 3,725,105 | - | 59,976,468 | 34,187,500 | |
| Gas pipeline | 79,438,345 | 1,075,709 | - | 80,514,054 | 10-20 | 30,123,069 | 2,777,793 | (4,716,673) | 28,184,191 | 19,461,877 | |
| Furniture and fixtures | 44,569,418 | 2,863,982 | (4,721,772) | 42,711,628 | 10 | 28,184,190 | 2,396,005 | (2,884,194) | 30,580,196 | 14,527,438 | |
| Office equipment | 119,827,598 | 4,093,113 | (26,800,299) | 97,120,412 | 10-20 | 93,066,558 | 19,010,249 | (26,775,670) | 85,303,137 | 11,817,276 | |
| Communication equipment | 18,105,282 | 188,931 | (4,536,890) | 13,757,325 | 10-20 | 10,640,101 | 2,347,334 | (4,536,853) | 8,450,583 | 5,306,742 | |
| Tools and appliances | 19,177,097 | 689,892 | - | 19,866,989 | 10-20 | 12,019,368 | 1,577,437 | - | 13,596,805 | 5,580,292 | |
| Vehicles | 91,062,462 | 3,779,309 | (6,551,223) | 84,511,249 | 10-20 | 58,616,737 | 6,771,205 | (6,157,560) | 59,230,380 | 25,280,859 | |
| Fire fighting equipment | 3,631,012 | - | - | 3,631,012 | 20 | 3,631,012 | - | - | 3,631,012 | - | |
| Total | 7,883,839,050 | 352,248,049 | 163,602,903 | 8,399,690,005 | | 4,881,544,761 | 435,267,296 | (4,186,267) | 5,312,625,791 | 3,087,064,214 | |

Amount in Taka

* Office and accommodation building includes BDT. 207,019,337 (gross block) has transferred from "investment property" to "property, plant and equipment" because management has decided to use the assets for its own purpose. Therefore, due to change in use of office building, an apartment on 10th floor at RAK Tower, has transferred from "investment property" to "property, plant and equipment".

5 Investment Property

30 Sep 2021

| Particulars | COST | | | Rate | DEPRECIATION | | | Net book value as at 30 Sep 2021 |
|------------------------------|---------------------------|----------------------------|---------------------------------|------|---------------------------|---------------------------|------------------------------|----------------------------------|
| | Balance as at 01 Jan 2021 | Addition during the period | Sale/Transfer during the period | | Balance as at 01 Jan 2021 | Charged during the period | Adjustment during the period | |
| Land ¹ | 500,571,750 | - | - | - | - | - | - | 500,571,750 |
| Office building ² | 4,432,737 | - | - | 5% | 1,548,404 | 165,983 | - | 2,718,352 |
| Total | 505,004,487 | - | - | | 1,548,404 | 165,983 | - | 503,290,102 |

31 Dec 2020

| Particulars | COST | | | Rate | DEPRECIATION | | | Net book value as at 31 Dec 2020 |
|------------------------------|---------------------------|--------------------------|-------------------------------|------|---------------------------|-------------------------|----------------------------|----------------------------------|
| | Balance as at 01 Jan 2020 | Addition during the year | Sale/Transfer during the year | | Balance as at 01 Jan 2020 | Charged during the year | Adjustment during the year | |
| Land ¹ | 500,571,750 | - | - | - | - | - | - | 500,571,750 |
| Office building ² | 211,452,074 | - | (207,019,337) | 5% | 30,590,455 | 9,008,663 | (38,050,714) | 2,884,333 |
| Total | 712,023,824 | - | (207,019,337) | | 30,590,455 | 9,008,663 | (38,050,714) | 503,456,083 |

1 The land 10 khata is situated besides the RAK Tower was acquired in March 2012. The same was classified as Property, plant & equipment till 31 Dec 2016. However, 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. The same was classified as Property, plant & equipment till 31 Dec 2016. However, 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.

The property, being an Apartment on 10th floor, RAK Tower, was acquired in the month of February 2017 from M/s Juphar Bangladesh (Ershwila RAK Pharmaceuticals Pvt. Ltd) . This property is too under operating lease culminating in undetermined future use till 31 October 2020. Hence the same was classified under "Investment Property" under IAS 40 till 31 October 2020.

Management has decided to use the 10th floor for its own from 1 November 2020. Therefore, the property under office building, an apartment on 10th floor at RAK Tower, has transferred from "Investment property to "Property, plant and equipment" due to change in use in accordance with IAS 40.

The fair values of the property has been adopted at the transaction value considering that the municipal valuation of the property has fairly remained unchanged, the company has adopted the transaction value as the fair value of the property.

| | <u>30 Sep 2021</u> Taka | <u>30 Sep 2020</u> Taka |
|--|----------------------------|----------------------------|
| 5.1 Depreciation charged on the basis of the purpose of use | | |
| Cost of sales (Note 25) | 313,609,299 | 293,886,447 |
| Administrative expenses (Note 5.2) | 22,314,608 | 34,213,838 |
| Marketing & selling expenses (Note 28) | 3,991,221 | 4,070,118 |
| | 339,915,128 | 332,170,403 |
| 5.2 Administrative expenses | | |
| Depreciation on property, plant & equipment (Note 27) | 22,148,625 | 26,137,444 |
| Depreciation on investment property (Note 27) | 165,983 | 8,076,394 |
| | 22,314,608 | 34,213,838 |

5.3 Disposal of property, plant and equipment

30 Sep 2021

| Particulars | Original cost | Accumulated depreciation | Book value | Receipt against sales/insurance | Profit/(loss) on disposal |
|-------------------------|-------------------|--------------------------|------------------|---------------------------------|---------------------------|
| | Taka | Taka | Taka | Taka | Taka |
| Mobile plant | 30,666,089 | 28,881,519 | 1,784,570 | 3,332,000 | 1,547,430 |
| Office equipment | 2,990,887 | 2,884,194 | 106,693 | - | (106,693) |
| Communication equipment | 2,151,070 | 2,044,836 | 106,234 | - | (106,234) |
| Total | 35,808,046 | 33,810,549 | 1,997,497 | 3,332,000 | 1,334,503 |

31 Dec 2020

| Particulars | Original cost | Accumulated depreciation | Book value | Receipt against sales/insurance | Profit/(loss) on disposal |
|-------------------------|-------------------|--------------------------|------------------|---------------------------------|---------------------------|
| | Taka | Taka | Taka | Taka | Taka |
| Office equipment | 26,800,299 | 26,775,670 | 24,629 | 32,500 | 7,871 |
| Vehicle | 6,551,223 | 6,157,560 | 393,663 | 1,942,500 | 1,548,837 |
| Furniture & fixture | 4,721,772 | 4,716,673 | 5,100 | 131,500 | 126,400 |
| Plant and machinery | 806,250 | 50,225 | 756,025 | 255,000 | (501,025) |
| Communication equipment | 4,536,890 | 4,536,853 | 37 | - | (37) |
| Total | 43,416,434 | 42,236,981 | 1,179,453 | 2,361,500 | 1,182,046 |

6 Right-of-use assets

| Particulars | COST | | | DEPRECIATION | | | | Net book value as at 30 Sep 2021 |
|------------------------|---------------------------|----------------------------|---------------------------------|---------------------------|---------------------------|------------------------------|---------------------------|----------------------------------|
| | Balance as at 01 Jan 2021 | Addition during the period | Sale/disposal during the period | Balance as at 30 Sep 2021 | Charged during the period | Adjustment during the period | Balance as at 30 Sep 2021 | |
| Display center | 51,948,637 | - | - | 51,948,637 | 5,477,180 | - | 36,958,217 | 14,990,441 |
| Accommodation Building | 2,432,214 | 655,543 | (191,200) | 2,896,557 | 508,046 | (191,200) | 2,033,425 | 863,132 |
| Office Building | 3,776,889 | - | - | 3,776,889 | - | - | 3,776,889 | - |
| Total | 58,157,760 | 655,543 | (191,200) | 58,622,103 | 5,985,226 | (191,200) | 42,768,531 | 15,853,573 |

Allocation of depreciation

| | 30 Sep 2021 | 30 Sep 2020 |
|--|------------------|-------------------|
| Administrative expenses (Note:27) | 508,046 | 1,945,719 |
| Marketing & Selling expenses (Note:28) | 5,477,180 | 10,383,309 |
| | <u>5,985,226</u> | <u>12,329,028</u> |

| Particulars | COST | | | DEPRECIATION | | | | Net book value as at 31 Dec 2020 |
|------------------------|---------------------------|--------------------------|-------------------------------|---------------------------|-------------------------|----------------------------|---------------------------|----------------------------------|
| | Balance as at 01 Jan 2020 | Addition during the year | Sale/disposal during the year | Balance as at 31 Dec 2020 | Charged during the year | Adjustment during the year | Balance as at 31 Dec 2020 | |
| Display center | 47,637,481 | 11,271,396 | (6,960,220) | 51,948,657 | 7,302,906 | (6,960,220) | 31,481,037 | 20,467,620 |
| Accommodation Building | 3,300,136 | 699,246 | (1,567,168) | 2,432,214 | 1,394,608 | (1,490,209) | 1,716,579 | 715,635 |
| Warehouse | 32,707,529 | - | (32,707,529) | - | 4,906,129 | (10,629,947) | - | - |
| Office Building | 3,776,889 | - | - | 3,776,889 | 865,537 | - | 3,776,889 | - |
| Total | 87,422,036 | 11,970,643 | (41,234,917) | 58,157,760 | 14,469,180 | (19,080,376) | 36,974,505 | 21,183,255 |

6.1 Gain/(loss) on retirement of right-of-use assets

| Particulars | Lease liability | Right-of-use assets | Gain/(loss) |
|---------------|-----------------|---------------------|-------------|
| Warehouse | - | - | - |
| Accommodation | - | - | - |
| Total | - | - | - |

| Particulars | Lease liability | Right-of-use assets | Gain/(loss) |
|---------------|-------------------|---------------------|------------------|
| Warehouse | 21,594,420 | 22,077,582 | (483,162) |
| Accommodation | 84,526 | 76,959 | 7,567 |
| Total | 21,678,946 | 22,154,541 | (475,595) |

- Company rented four display center's situated in Dhaka, Chittagong and Sylhet.
- Accommodation Buildings rented for the use of transit employees.
- Company took a warehouse at pubail to store the finished goods to distribute in nearby area promptly. The company now feel that the warehouse is not required. Therefore, the company cancelled the lease agreement dated 30. September 2020.
- Office Buildings rented for the use of official work.

7 Intangible assets

30 Sep 2021

| Particulars | COST | | | | AMORTIZATION | | | | Net book value as at 30 Sep 2021 |
|-------------------|---------------------------|----------------------------|---------------------------------|---------------------------|---------------------------|-----------------------------|------------------------------|---------------------------|----------------------------------|
| | Balance as at 01 Jan 2021 | Addition during the period | Sale/disposal during the period | Balance as at 30 Sep 2021 | Balance as at 01 Jan 2021 | Amortized during the period | Adjustment during the period | Balance as at 30 Sep 2021 | |
| | | | | | | | | | |
| License | 22,692,876 | - | - | 22,692,876 | 22,091,943 | 216,798 | - | 22,308,740 | 384,135 |
| Computer Software | 11,614,380 | - | - | 11,614,380 | 9,082,956 | 920,533 | - | 10,003,489 | 1,610,892 |
| Total | 34,307,256 | - | - | 34,307,256 | 31,174,899 | 1,137,330 | - | 32,912,229 | 1,995,027 |

31 Dec 2020

| Particulars | COST | | | | AMORTIZATION | | | | Net book value as at 31 Dec 2020 |
|-------------------|---------------------------|--------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|----------------------------------|
| | Balance as at 01 Jan 2020 | Addition during the year | Sale/disposal during the year | Balance as at 31 Dec 2020 | Balance as at 01 Jan 2020 | Amortized during the year | Adjustment during the year | Balance as at 31 Dec 2020 | |
| | | | | | | | | | |
| License | 22,199,986 | 492,890 | - | 22,692,876 | 19,467,114 | 2,624,829 | - | 22,091,943 | 600,933 |
| Computer Software | 11,614,380 | - | - | 11,614,380 | 7,852,207 | 1,230,749 | - | 9,082,956 | 2,531,424 |
| Total | 33,814,366 | 492,890 | - | 34,307,256 | 27,319,321 | 3,855,578 | - | 31,174,899 | 3,132,357 |

| | <u>30 Sep 2021</u> | <u>31 Dec 2020</u> |
|---|-----------------------------|-----------------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 8 Capital Work-in-Progress | | |
| Balance as at 1 January | 56,636,694 | 177,641,997 |
| Add: Addition during the period | 56,774,550 | 218,936,985 |
| | <u>113,411,244</u> | <u>396,578,982</u> |
| Less: Transfer to property, plant & equipment and investment Property (note 8.1) | 103,933,084 | 339,942,288 |
| Balance as at 30 September | <u>9,478,160</u> | <u>56,636,694</u> |
| 8.1 Items transferred from capital work in progress to property, plant & equipment | | |
| Building | 13,042,371 | 100,062,037 |
| Plant & machinery | 84,010,927 | 238,863,795 |
| Others | 6,879,785 | 1,016,456 |
| | <u>103,933,084</u> | <u>339,942,288</u> |
| 9 Inventories | | |
| Raw materials | 1,192,788,654 | 606,226,281 |
| Less : Provision for slow moving & obsolete inventories | 18,942,405 | 20,246,533 |
| Less: Write off for obsolete raw materials | - | 23,875,000 |
| | <u>1,173,846,249</u> | <u>562,104,748</u> |
| Stores and consumables spares and packing | 922,334,762 | 899,836,155 |
| Less: Provision/Write off for stores and spares | 23,120,063 | 30,826,750 |
| | <u>899,214,699</u> | <u>869,009,405</u> |
| Finished goods (net of net realizable value adjustment) | 528,803,408 | 441,243,898 |
| Less : Provision for slow moving & obsolete inventories | 16,228,515 | 17,064,161 |
| | <u>512,574,894</u> | <u>424,179,737</u> |
| Work-in-process | 61,720,449 | 47,290,564 |
| Goods-in-transit | 293,117,017 | 124,405,926 |
| | <u>2,940,473,307</u> | <u>2,026,990,380</u> |

| | 30 Sep 2021 | 31 Dec 2020 |
|---|-----------------------------|-----------------------------|
| | Taka | Taka |
| 10 Trade and other receivables | | |
| Trade receivables (Note 10.1) | 1,238,722,572 | 997,281,663 |
| | <u>1,238,722,572</u> | <u>997,281,663</u> |
| Accrued interest (Note 10.2) | 4,426,169 | 10,941,100 |
| Accrued rental income | 303,610 | 570,000 |
| Other receivable | 5,361,108 | 7,485 |
| | <u>1,248,813,459</u> | <u>1,008,800,248</u> |
| 10.1 Trade receivables | | |
| Receivables from local sales | 1,245,692,976 | 1,006,405,123 |
| Receivables from export sales | 2,310,471 | 779,903 |
| | <u>1,248,003,447</u> | <u>1,007,185,026</u> |
| Less: Provision of Impairment loss on trade receivable: | | |
| Unrelated parties | 2,476,464 | 3,031,610 |
| Related parties | 6,804,411 | 6,871,753 |
| | <u>1,238,722,572</u> | <u>997,281,663</u> |
| 10.2 Accrued interest | | |
| Interest accrued on FDR | 3,567,243 | 6,846,046 |
| Interest accrued on SND | 858,927 | 4,095,054 |
| | <u>4,426,169</u> | <u>10,941,100</u> |
| 11 Advance, deposit and prepayments | | |
| Advances: | | |
| Employees | 243,000 | - |
| Purchase of land and others | 5,296,756 | 2,369,670 |
| Suppliers against materials and services | 79,759,625 | 33,557,110 |
| | <u>85,299,381</u> | <u>35,926,780</u> |
| Security and other deposits: | | |
| Titas gas | 69,752,450 | 69,752,450 |
| Mymensingh Palli Bidyut Samity-2 | 1,955,000 | 1,955,000 |
| VAT and Supplementary duty (Note-11.1) | 2,298,257 | 7,417,931 |
| Deposited with income tax authority | 79,320,962 | 68,128,195 |
| Deposited with VAT authority | 58,361,240 | 58,361,240 |
| Display center and others | 2,372,000 | 2,449,000 |
| Other deposits | 1,494,626 | 1,494,626 |
| | <u>215,554,535</u> | <u>209,558,442</u> |
| Prepayments: | | |
| Insurance and others | 28,058,890 | 24,825,876 |
| | <u>328,912,806</u> | <u>270,311,098</u> |

| | <u>30 Sep 2021</u> | <u>31 Dec 2020</u> |
|--|-------------------------|-------------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 11.1 Supplementary duty & VAT | | |
| Balance as at 1 January | 7,417,931 | 1,833,191 |
| Add: Treasury deposit for SD & VAT purpose | 7,646,353 | 52,131,108 |
| | <u>15,064,284</u> | <u>53,964,298</u> |
| | 15,064,284 | 53,964,298 |
| Less: SD & VAT on sales | 12,766,027 | 46,546,367 |
| Balance as at 30 September | <u><u>2,298,257</u></u> | <u><u>7,417,931</u></u> |

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

| | | |
|--|-----------------------------|-----------------------------|
| 12 Advance Income Tax | | |
| Balance as at 1 January | 3,588,659,675 | 3,434,063,275 |
| Add: Paid during the period | 198,214,587 | 154,596,400 |
| Balance as at 30 September (Note - 12.1) | <u><u>3,786,874,262</u></u> | <u><u>3,588,659,675</u></u> |

12.1 Payment for the year

| <u>Income year</u> | | |
|--------------------|-----------------------------|-----------------------------|
| Current period | 176,260,793 | - |
| Year 2020 | 130,950,084 | 115,088,258 |
| Year 2019 | 280,949,748 | 274,857,779 |
| 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 | 291,694,002 | 291,694,002 |
| Year 2013 | 389,651,054 | 389,651,054 |
| Year 2012 | 334,263,453 | 334,263,453 |
| Year 2011 | 328,701,317 | 328,701,317 |
| Year 2010 | 265,532,626 | 265,532,626 |
| Year 2009 | 218,091,876 | 218,091,876 |
| Year 2008 | 85,378,847 | 85,378,847 |
| Year 2007 | 124,813,161 | 124,813,161 |
| Year 2006 | 23,087,333 | 23,087,333 |
| | <u><u>3,786,874,262</u></u> | <u><u>3,588,659,675</u></u> |

| | <u>30 Sep 2021</u> | <u>31 Dec 2020</u> |
|--|-----------------------------|-----------------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 13 Cash and cash equivalents | | |
| Cash in hand | 5,203,312 | 5,899,358 |
| Cash at banks | | |
| HSBC (current account -001-013432-011, 107580-011, 096015-011, 096007-011 BDT) | - | 808,003 |
| Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT) | 77,153 | 94,048,347 |
| BRAC Bank Ltd. (current account - 1530201731248001 - BDT) | 3,106,374 | 20,293,811 |
| Citibank N.A. (current account - G0100001200262018 - BDT) | 150,139 | 156,438 |
| Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT) | 3,377,825 | 21,955,460 |
| Standard Chartered Bank (ERQ - 42-6162940-01 - USD) | 8,615,564 | 11,828,247 |
| Standard Chartered Bank (Margin money account) | 25,727,311 | 3,319,200 |
| United Commercial Bank Ltd. (SND account - 0831301000000164 BDT) | 4,346,893 | 26,109,945 |
| Eastern Bank Ltd. (SND account - 1131350237146 - BDT) | 46,138,274 | 116,447,666 |
| Eastern Bank Ltd. (SND account - 1131350237393 WH - BDT) | - | 3,291 |
| EXIM Bank (SND account - 01513100031877 - BDT) | - | 706,355 |
| Standard Chartered Bank (SND account - 02-3767272-01 - BDT) | 54,905 | 55,211 |
| Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT) | 152,516,384 | 192,923,791 |
| Dutch Bangla Bank Ltd. (SND account - 117-120-376 (WH)- BDT) | - | 129,548 |
| BRAC Bank Ltd. (SND - 1513101731248001 - BDT) | 363,792 | 363,694 |
| Prime Bank Ltd. (SND - 12531010022563 - BDT) | 12,873,859 | 7,650,678 |
| Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT) | 40,627,342 | 457,046 |
| Dhaka Bank Ltd (SND - 102.150.274- BDT)) | 24,815,526 | 36,019,530 |
| Commercial Bank of Ceylon (CD-2817000776 - BDT.) | - | 25,000 |
| Dhaka Bank Ltd (CD - 204100000019318- BDT)) | 137,304 | 137,649 |
| Commercial Bank of Ceylon (SND-2817000777 - BDT.) | 42,631,160 | 128,925,016 |
| Commercial Bank of Ceylon (ERQ-1806012366 - BDT.) | 350,651 | - |
| Meghna Bank Ltd. (SND 1112-13500000004 - BDT) | 37,814,361 | 60,095,754 |
| Midland Bank Ltd. (SND 0006-1070000015, 0006-1060000043 - BDT) | 109,506,985 | 504,195 |
| Eastern Bank Ltd. (SND account - 1041360507944 - BDT) | 75,545,828 | - |
| Eastern Bank Ltd. (Margin Money account) | 4,681,650 | 10,426,965 |
| Commercial Bank of Ceylon (Margin Money account) | 53,212 | - |
| | <u>593,512,492</u> | <u>733,390,840</u> |
| IPO bank account | | |
| Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT) | 1,927,931 | 2,433,214 |
| 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 |
| | <u>6,127,637</u> | <u>6,632,920</u> |
| Dividend bank account | | |
| BRAC Bank (Current - 1510201731248001 - BDT) - 2010 | 2,848,356 | 2,606,551 |
| BRAC Bank (Current - 1513201731248001 - BDT) - 2011 | 1,112,266 | 2,190,689 |
| SCB (SND - 02-6162940-02- BDT) - 2012 | 180,171 | 3,885,208 |
| SCB (SND - 02-6162940-03- BDT) - 2013 | 337,341 | 16,951,065 |
| SCB (SND - 02-6162940-04- BDT) - 2014 | 3,782 | 5,021,420 |
| SCB (SND - 02-6162940-05- BDT) - 2015 | 44,546 | 3,743,396 |
| SCB (SND - 02-6162940-06- BDT) - 2016 | 11,267 | 4,222,208 |
| SCB (SND - 02-6162940-07- BDT) - 2017 | 5,334 | 1,663,022 |
| SCB (SND - 02-6162940-08- BDT) - 2018 | 1,926,640 | 1,933,758 |
| SCB (SND - 02-6162940-09- BDT) - 2019 | 6,599,610 | 8,479,278 |
| SCB (SND - 02-6162940-10- BDT) - 2020 | 3,667,162 | - |
| | <u>16,736,475</u> | <u>50,696,595</u> |
| Investment in Fixed Deposit Receipt (FDR) | | |
| HSBC | - | 11,974,547 |
| SCB | 6,762,080 | 6,762,080 |
| BRAC Bank Ltd. | 50,000,000 | 250,000,000 |
| Dutch Bangla Bank Ltd. | 400,000,000 | 428,838,500 |
| Eastern Bank Ltd. | 255,745,315 | 150,000,000 |
| Dhaka Bank Ltd. | 350,000,000 | 250,000,000 |
| Commercial bank of Ceylon | 55,000,000 | 55,000,000 |
| | <u>1,117,507,395</u> | <u>1,152,575,127</u> |
| | <u>1,739,087,311</u> | <u>1,949,194,840</u> |

| | <u>30 Sep 2021</u> | | <u>31 Dec 2020</u> | |
|---|--------------------|----------------------|--------------------|----------------------|
| | Taka | | Taka | |
| 14 Share Capital | | | | |
| Authorised : | | | | |
| 600,000,000 ordinary shares of Taka 10/- each | | <u>6,000,000,000</u> | | <u>6,000,000,000</u> |
| Issued, subscribed, called and paid up : | | | | |
| 427,968,701 ordinary shares of Taka 10/- each | | <u>4,279,687,010</u> | | <u>4,279,687,010</u> |
| Percentage of shareholdings : | | | | |
| | 30 Sep 2021 | | 31 Dec 2021 | |
| | % | 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 |
| HH Sheikh Saud Bin Saqr Al Qassimi | 0.00 | 340 | 0.00 | 340 |
| Sheikh Omer Bin Saqr Al Qassimi | 0.00 | 340 | 0.00 | 340 |
| Sheikh Ahmad Bin Humaid al Qassimi | 0.00 | 340 | 0.00 | 340 |
| Hamad Abdulla Al Muttawa | 0.00 | 160 | 0.00 | 160 |
| Dr. Khater Massaad | 0.00 | 160 | 0.00 | 160 |
| Abdallah Massaad | 0.00 | 160 | 0.00 | 160 |
| Manoj Uttamrao Ahire | 0.00 | 160 | 0.00 | 160 |
| General Public | 27.92 | 1,194,862,800 | 27.92 | 1,194,862,800 |
| | <u>100.00</u> | <u>4,279,687,010</u> | <u>100.00</u> | <u>4,279,687,010</u> |

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

Classification of shareholders by holding

| Shareholders' range | Number of shareholders | | Number of shares | |
|-----------------------------------|------------------------|--------------------|--------------------|--------------------|
| | <u>30 Sep 2021</u> | <u>31 Dec 2020</u> | <u>30 Sep 2021</u> | <u>31 Dec 2020</u> |
| 01-499 shares | 17,094 | 19,020 | 4,176,468 | 4,669,870 |
| 500 to 5,000 shares | 6,262 | 7,619 | 9,945,566 | 12,586,707 |
| 5001 to 10,000 shares | 737 | 986 | 5,449,163 | 7,057,991 |
| 10,001 to 20,000 shares | 327 | 501 | 4,765,417 | 7,062,682 |
| 20,001 to 30,000 shares | 136 | 178 | 3,358,775 | 4,330,386 |
| 30,001 to 40,000 shares | 62 | 70 | 2,184,569 | 2,399,501 |
| 40,001 to 50,000 shares | 45 | 51 | 2,095,297 | 2,296,962 |
| 50,001 to 100,000 shares | 81 | 97 | 5,967,609 | 6,817,326 |
| 100,001 to 1,000,000 shares | 94 | 106 | 29,950,064 | 25,620,555 |
| 1,000,001 to 1,000,000,000 Shares | 16 | 16 | 360,075,773 | 355,126,721 |
| | <u>24,854</u> | <u>28,644</u> | <u>427,968,701</u> | <u>427,968,701</u> |

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) | <u>30 Sep 2021</u> | <u>31 Dec 2020</u> |
|-----------------------------|---------------------------|----------------------|----------------------|
| | | Taka | Taka |
| 10,000,000 | 30 | 300,000,000 | 300,000,000 |
| 34,510,000 | 38 | 1,311,380,000 | 1,311,380,000 |
| | | <u>1,611,380,000</u> | <u>1,611,380,000</u> |
| Less : Share issue expenses | | <u>137,732,021</u> | <u>137,732,021</u> |
| | | <u>1,473,647,979</u> | <u>1,473,647,979</u> |

16 Retained earnings (Reserve and surplus)

| | | |
|---|----------------------|----------------------|
| Balance as on 1 January | 1,269,975,797 | 1,601,275,518 |
| Add : Profit during the period | <u>630,702,602</u> | <u>310,653,331</u> |
| | 1,900,678,399 | 1,911,928,849 |
| Less: Dividend declared during the period | <u>(427,968,701)</u> | <u>(641,953,052)</u> |
| Balance as on 30 September | <u>1,472,709,698</u> | <u>1,269,975,797</u> |

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

| | 30 Sep 2021 Taka | 31 Dec 2020 Taka |
|---------------------------------------|---------------------|---------------------|
| 17 Deferred tax liabilities | | |
| Balance as at 1 January | 191,761,301 | 191,893,149 |
| Less : Deferred tax (income)/expenses | <u>(52,953,317)</u> | <u>(131,848)</u> |
| Balance as at 30 September | <u>138,807,984</u> | <u>191,761,301</u> |

| | Carrying amount on the date of statement of financial position Taka | Tax base Taka | Taxable/ (deductible) temporary difference Taka |
|--|---|----------------------|---|
| As at 30 September 2021 | | | |
| Property, plant and equipment (Excluding land and others) | 2,472,678,131 | 1,791,628,982 | 681,049,149 |
| Trade receivable | 1,246,170,947 | 1,255,451,823 | (9,280,875) |
| Inventory | 2,894,564,437 | 2,977,808,249 | (83,243,812) |
| Right of use assets | 15,853,573 | - | 15,853,573 |
| Lease liability | (11,012,709) | - | <u>(11,012,709)</u> |
| Net taxable temporary difference | | | <u>593,365,326</u> |
| Deferred tax liability (applying applicable tax rate for individual company) | | | <u>138,807,984</u> |
| As at 31 December 2020 | | | |
| Property, plant and equipment (Excluding land and others) | 2,685,260,012 | 1,871,466,588 | 813,793,424 |
| Trade receivable | 1,008,371,909 | 1,018,275,272 | (9,903,363) |
| Inventory | 1,964,552,190 | 2,024,804,059 | <u>(60,251,869)</u> |
| Net taxable temporary difference | | | <u>743,638,192</u> |
| Deferred tax liability (applying applicable tax rate for individual company) | | | <u>191,761,301</u> |

18 Employees benefits payable

| | | |
|----------------|-------------------|----------|
| Provident fund | 5,627,092 | - |
| Gratuity fund | <u>9,100,905</u> | <u>-</u> |
| | <u>14,727,997</u> | <u>-</u> |

| | 30 Sep 2021 | | |
|---|------------------------|-----------------------|-------------------|
| | Provident fund Taka | Gratuity fund Taka | Total Taka |
| Balance as at 1 January | - | - | - |
| Add: Provision made during the period | <u>51,005,775</u> | <u>28,514,822</u> | <u>79,520,597</u> |
| | 51,005,775 | 28,514,822 | 79,520,597 |
| Less: Payments made to fund during the period | <u>45,378,684</u> | <u>19,413,917</u> | <u>64,792,601</u> |
| Balance as at 30 September | <u>5,627,092</u> | <u>9,100,905</u> | <u>14,727,997</u> |

Provision and payment includes BDT. 343,960 for the period 2021 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.

| | 31 Dec 2020 | | |
|---|------------------------|-----------------------|-------------------|
| | Provident fund Taka | Gratuity fund Taka | Total Taka |
| Balance as at 1 January | - | - | - |
| Add: Provision made during the year | <u>61,920,904</u> | <u>35,510,412</u> | <u>97,431,316</u> |
| | 61,920,904 | 35,510,412 | 97,431,316 |
| Less: Payments made to fund during the year | <u>61,920,904</u> | <u>35,510,412</u> | <u>97,431,316</u> |
| Balance as at 31 December | <u>-</u> | <u>-</u> | <u>-</u> |

Provision and payment includes BDT. 1,199,147 for the year 2020 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.

19 Borrowings

| | | |
|----------------------------|--------------------|--------------------|
| Current: | | |
| Bank overdrafts | 22,090,561 | - |
| Short-term borrowings | <u>225,308,699</u> | <u>119,940,905</u> |
| | <u>247,399,260</u> | <u>119,940,905</u> |
| Balance as at 30 September | <u>247,399,260</u> | <u>119,940,905</u> |

19.1 Borrowings by maturity

| | < 1 year | 1-2 years | 2-5 years | Total |
|-----------------------------|--------------------|-----------|-----------|--------------------|
| At 30 September 2021 | | | | |
| Bank overdrafts | 22,090,561 | - | - | 22,090,561 |
| Short-term borrowings | <u>225,308,699</u> | <u>-</u> | <u>-</u> | <u>225,308,699</u> |
| | <u>247,399,260</u> | <u>-</u> | <u>-</u> | <u>247,399,260</u> |
| At 31 December 2020 | | | | |
| Bank overdrafts | - | - | - | - |
| Short-term borrowings | <u>119,940,905</u> | <u>-</u> | <u>-</u> | <u>119,940,905</u> |
| | <u>119,940,905</u> | <u>-</u> | <u>-</u> | <u>119,940,905</u> |

19.2 Facilities details (Funded)

| Bank | Name of facilities | Limit | Utilisation | Maturity | Repayment | Security - STL |
|---------------------------|--------------------|-------------|-------------|----------------------------|---------------------------|---|
| SCB | Overdraft | 50,000,000 | 21,970,821 | Revolving | From company's own source | |
| | Short term loan | 500,000,000 | 32,454,675 | 180/360 days from B/L date | | |
| Eastern Bank Ltd. | Overdraft | 30,000,000 | - | Revolving | From company's own source | 1) Corporate guarantee, |
| | Short term loan | 425,000,000 | 103,883,392 | 180/360 days from B/L date | | |
| Dutch Bangla Bank Ltd. | Overdraft | 25,000,000 | - | Revolving | From company's own source | 2) Hypothecation over stock & book debts on a parri-passu basis with other lenders. 3) Demand promissory note. |
| | Short term loan | 90,000,000 | - | 180/360 days from B/L date | | |
| Commercial Bank of Ceylon | Overdraft | 35,000,000 | 119,740 | Revolving | From company's own source | |
| | Short term loan | 550,000,000 | 88,970,632 | 180/360 days from B/L date | | |

| | | | | | | 30 Sep 2021 Taka | 31 Dec 2020 Taka |
|--|--------------------------------|---------------------|-------------------|-------------------|-----------------------------|---------------------------------|---------------------|
| 20 Lease liability | | | | | | | |
| Non-current: | | | | | | | |
| Lease liability | | | | | | 11,012,709 | 13,796,578 |
| Less : Current portion of lease liability | | | | | | 4,857,431 | 4,505,188 |
| | | | | | | <u>6,155,277</u> | <u>9,291,390</u> |
| Current: | | | | | | 4,857,431 | 4,505,188 |
| Current portion of lease liability | | | | | | <u>4,857,431</u> | <u>4,505,188</u> |
| 30 Sep 2021 | | | | | | | |
| Lease liability schedule | | | | | | | |
| Particulars | Balance as on 01 January, 2021 | Addition/(deletion) | Payment | Interest expenses | Decrease in lease liability | Balance as on 30 September 2021 | |
| Display center | 13,054,447 | - | 3,777,575 | 851,414 | 2,928,161 | 10,128,286 | |
| Accommodation Building | 742,131 | 655,543 | 558,000 | 44,749 | 513,251 | 884,423 | |
| | <u>13,796,578</u> | <u>655,543</u> | <u>4,335,575</u> | <u>896,163</u> | <u>3,439,413</u> | <u>11,012,709</u> | |
| 31 Dec 2020 | | | | | | | |
| Lease liability schedule | | | | | | | |
| Particulars | Balance as on 01 January, 2020 | Addition/(deletion) | Payment | Interest expenses | Decrease in lease liability | Balance as on 31 December 2020 | |
| Display center | 11,583,808 | 4,977,901 | 4,965,967 | 1,458,705 | 3,507,262 | 13,054,447 | |
| Accommodation Building | 1,558,557 | 614,720 | 1,331,734 | 100,588 | 1,431,146 | 742,131 | |
| Warehouse | 25,330,639 | (21,594,420) | 5,467,635 | 1,731,416 | 3,736,219 | - | |
| Office Building | 1,002,871 | - | 1,045,000 | 42,128 | 1,002,871 | - | |
| | <u>39,475,875</u> | <u>(16,001,798)</u> | <u>13,010,336</u> | <u>3,332,837</u> | <u>9,677,498</u> | <u>13,796,578</u> | |
| 21 Trade and other payables | | | | | | | |
| Trade payables | | | | | | | |
| Payable to local suppliers | | | | | | 99,288,036 | 127,943,341 |
| Payable to foreign suppliers | | | | | | 466,821,652 | 199,107,788 |
| Payable to service provider | | | | | | 26,732,392 | 45,527,314 |
| Payable to C & F agent | | | | | | 87,739,273 | 34,072,045 |
| | | | | | | <u>680,581,353</u> | <u>406,650,488</u> |
| Other payables | | | | | | | |
| Tax deducted at source | | | | | | 18,794,223 | 21,601,748 |
| Tax deducted at source on remuneration (Note 22.1) | | | | | | 7,327,113 | 4,312,351 |
| VAT deducted at source | | | | | | 6,000,108 | 10,062,124 |
| VAT and Supplementary duty payable (Note-21.1) | | | | | | 106,172,389 | 139,511,697 |
| Unclaimed share application | | | | | | 20,301,956 | 20,810,756 |
| Advance from customer against sales | | | | | | 7,771,459 | 9,524,924 |
| Security deposit payable | | | | | | 3,470,342 | 3,470,342 |
| Payable to employees | | | | | | 2,122,395 | 2,025,964 |
| Provisional liabilities - material & services | | | | | | 93,920,379 | 7,523,078 |
| | | | | | | <u>265,880,364</u> | <u>218,842,964</u> |
| | | | | | | <u>946,461,717</u> | <u>625,493,472</u> |

| | | | | | | 30 Sep 2021 | 31 Dec 2020 |
|---|----------------------|--------------------|----------------------|---------------------------------------|--------------------------|--|----------------------|
| | | | | | | Taka | Taka |
| 21.1 VAT and Supplementary duty (SD) payable | | | | | | | |
| Opening Balance | | | | | | 139,511,697 | 103,722,054 |
| VAT and Supplementary duty on sales | | | | | | 1,644,604,742 | 1,702,174,335 |
| | | | | | | <u>1,783,516,439</u> | <u>1,805,896,389</u> |
| Treasury deposit for SD & VAT purpose | | | | | | 1,073,766,339 | 1,237,856,244 |
| Rebate of input VAT | | | | | | 603,577,713 | 426,528,450 |
| | | | | | | <u>1,677,344,053</u> | <u>1,666,384,694</u> |
| Balance as at 30 September | | | | | | <u>106,172,389</u> | <u>139,511,697</u> |
| | | | | | | | |
| 21.2 Unclaimed Dividend Payable | | | | | | <u>11,825,935</u> | <u>49,576,141</u> |
| Year | Dividend declared | TDS on dividend | Net dividend | Dividend distributed till 30 Sep 2021 | Fund Transferred to CMSF | Undistributed fund (BOT) as on 30 Sep 2021 | |
| 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 | 306,565,311 | 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 | 357,222,930 | - | 1,950,623 | |
| 2019 | 641,353,052 | 49,029,624 | 592,323,428 | 586,317,390 | - | 6,006,037 | |
| 2020 | 427,968,701 | 32,747,652 | 395,221,049 | 391,951,775 | - | 3,269,274 | |
| | <u>5,772,288,298</u> | <u>493,620,470</u> | <u>5,278,667,828</u> | <u>5,227,706,626</u> | <u>39,139,267</u> | <u>11,825,935</u> | |
| 22 Accrued expenses | | | | | | | |
| Power and gas | | | | | | 47,640,321 | 39,137,439 |
| Staff cost | | | | | | 106,628,995 | 110,868,915 |
| Dealer's commission, Incentive | | | | | | 22,870,399 | - |
| Audit fees | | | | | | 1,166,250 | 1,525,000 |
| Professional charges | | | | | | 917,087 | 445,000 |
| Interest on loans | | | | | | 1,277,840 | 875,254 |
| Telephone | | | | | | 774,197 | 380,138 |
| Freight bill | | | | | | 10,566,420 | 1,997,523 |
| Business promotion and advertisement | | | | | | 21,009,329 | 11,220,000 |
| Hiring heavy equipment | | | | | | 1,177,824 | - |
| Managing Director's remuneration (Note 22.1) | | | | | | 17,096,598 | 10,062,153 |
| Worker's profit participation and welfare fund (Note 22.2) | | | | | | 38,767,795 | 22,816,672 |
| Royalty and technical know-how fees (Note 22.3) | | | | | | 379,497,805 | 317,433,528 |
| Others | | | | | | 7,187,809 | 3,520,214 |
| | | | | | | <u>656,578,669</u> | <u>520,281,836</u> |
| 22.1 Managing Director's remuneration | | | | | | | |
| Balance as at 1 January | | | | | | 10,062,153 | 35,910,357 |
| Add: Payable to Managing Director for the period | | | | | | 24,423,711 | 14,374,504 |
| | | | | | | <u>34,485,864</u> | <u>50,284,861</u> |
| Less: Tax deducted at source during the period | | | | | | 7,327,113 | 4,312,351 |
| Less: Paid to Managing Director during the period | | | | | | <u>10,062,153</u> | <u>35,910,357</u> |
| Balance as at 30 September | | | | | | <u>17,096,598</u> | <u>10,062,153</u> |
| 22.2 Worker's profit participation and welfare fund | | | | | | | |
| Balance as at 1 January | | | | | | 22,816,672 | 52,965,129 |
| Add: Contribution made to the fund during the period | | | | | | 38,767,795 | 22,816,672 |
| | | | | | | <u>61,584,467</u> | <u>75,781,801</u> |
| Less: Payment made from the fund during the period | | | | | | 22,816,672 | 52,965,129 |
| Balance as at 30 September | | | | | | <u>38,767,795</u> | <u>22,816,672</u> |
| 22.3 Provision for royalty and technical know-how fees | | | | | | | |
| Balance as at 1 January | | | | | | 317,433,528 | 287,408,635 |
| Add: Provision made during the period | | | | | | 62,064,277 | 30,521,994 |
| | | | | | | <u>379,497,805</u> | <u>317,930,629</u> |
| Less: Payment made during the period | | | | | | - | 497,101 |
| Balance as at 30 September | | | | | | <u>379,497,805</u> | <u>317,433,528</u> |
| 23 Provision for Income Tax | | | | | | | |
| Balance as at 1 January | | | | | | 3,971,266,511 | 3,834,252,156 |
| Add: Provision made during the period | | | | | | 217,060,704 | 137,014,355 |
| Balance as at 30 September (Note 23.1) | | | | | | <u>4,188,327,215</u> | <u>3,971,266,511</u> |
| 23.1 Provision for Income Tax | | | | | | | |
| Income year | | | | | | | |
| Current period | | | | | | 217,060,704 | - |
| 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 | | | | | | 377,885,822 | 377,885,822 |
| Year 2013 | | | | | | 362,336,361 | 362,336,361 |
| Year 2012 | | | | | | 339,211,366 | 339,211,366 |
| Year 2011 | | | | | | 326,685,215 | 326,685,215 |
| Year 2010 | | | | | | 348,965,691 | 348,965,691 |
| Year 2009 | | | | | | 266,823,984 | 266,823,984 |
| Year 2008 | | | | | | 147,117,914 | 147,117,914 |
| Year 2007 | | | | | | 80,163,573 | 80,163,573 |
| | | | | | | <u>4,188,327,215</u> | <u>3,971,266,511</u> |

| | <u>30 Sep 2021</u> | <u>30 Sep 2020</u> | <u>July to Sep 2021</u> | <u>July to Sep 2020</u> |
|---|----------------------|----------------------|-------------------------|-------------------------|
| | Taka | Taka | Taka | Taka |
| 24 Sales | | | | |
| Gross sales from Ceramics product | 6,940,337,613 | 4,803,949,139 | 2,253,121,986 | 2,064,547,974 |
| Gross sales from Power generation | 320,562,227 | 245,786,911 | 105,977,121 | 93,864,756 |
| Gross sales from Security service | 60,301,364 | 74,715,763 | 20,224,802 | 24,628,226 |
| | <u>7,321,201,204</u> | <u>5,124,451,813</u> | <u>2,379,323,909</u> | <u>2,183,040,956</u> |
| Less: Elimination | 307,356,966 | 237,709,613 | 102,263,210 | 90,061,445 |
| Supplementary Duty | 705,411,670 | 447,000,451 | 222,217,301 | 213,304,017 |
| VAT | 951,359,100 | 666,880,634 | 305,874,810 | 284,676,113 |
| Discount | 3,952,881 | 773,407 | 129,601 | 129,243 |
| Commission, incentive and bonus | 509,852,841 | 359,700,270 | 174,272,179 | 154,741,141 |
| Net sales | <u>4,843,267,746</u> | <u>3,412,387,458</u> | <u>1,574,566,808</u> | <u>1,440,128,997</u> |
| 25 Cost of sales | | | | |
| Materials consumed: | | | | |
| Opening Inventory as at 1 January | 562,104,748 | 797,865,060 | 728,580,180 | 943,566,552 |
| Add: Purchase during the period | <u>2,447,060,827</u> | <u>1,127,776,946</u> | <u>1,065,605,257</u> | <u>285,941,152</u> |
| | <u>3,009,165,575</u> | <u>1,925,642,006</u> | <u>1,794,185,437</u> | <u>1,229,507,704</u> |
| Less: Closing Inventory as at 30 September | <u>1,173,846,249</u> | <u>668,502,694</u> | <u>1,173,846,249</u> | <u>668,502,694</u> |
| | <u>1,835,319,326</u> | <u>1,257,139,312</u> | <u>620,339,188</u> | <u>561,005,010</u> |
| Manufacturing overhead: | | | | |
| Direct labour (note 25.1) | 453,897,624 | 383,934,693 | 147,109,815 | 136,232,105 |
| Direct expenses: | | | | |
| Power and gas | 233,093,495 | 183,985,877 | 72,147,547 | 71,967,741 |
| Repairs and indirect materials (note 25.2) | 564,462,136 | 386,560,955 | 192,628,629 | 167,169,373 |
| Depreciation on property, plant & equipment (note 5.1) | 313,609,299 | 293,886,447 | 102,827,533 | 100,331,737 |
| Royalty and technical know-how/assistance fees | 62,064,277 | 6,572,616 | 18,920,401 | 6,572,616 |
| Other production overhead (note 25.3) | 28,103,376 | 38,604,781 | 8,267,175 | 14,180,491 |
| Provision for slow moving & obsolete inventories (note 9) | (2,139,774) | 7,823,137 | (1,621,203) | 2,842,131 |
| Movement in stock | (96,352,070) | 191,343,171 | (43,339,848) | 6,550,799 |
| | <u>3,392,057,689</u> | <u>2,749,850,989</u> | <u>1,117,279,237</u> | <u>1,066,851,003</u> |
| 25.1 Direct labour | | | | |
| Salary & wages | 286,032,897 | 249,800,975 | 94,236,082 | 87,557,069 |
| Overtime | 30,340,249 | 20,935,020 | 8,797,902 | 8,465,977 |
| Bonus | 47,774,631 | 41,308,332 | 15,812,482 | 14,466,125 |
| Incentive | 42,682 | 270,131 | - | 79,446 |
| Temporary labour wages | 43,358,451 | 29,158,426 | 12,761,564 | 12,066,974 |
| Staff uniform expenses | 611,745 | 897,502 | 206,569 | 580,134 |
| Gratuity | 20,222,111 | 18,635,080 | 6,754,044 | 6,201,511 |
| Employer's contribution to provident fund | 17,717,537 | 15,328,958 | 5,909,675 | 4,420,731 |
| Leave encashment | 5,732,826 | 5,276,286 | 1,912,623 | 1,753,604 |
| Group life insurance | 1,895,058 | 1,885,823 | 718,874 | 658,534 |
| Compensation | 169,437 | 338,160 | - | 62,000 |
| | <u>453,897,624</u> | <u>383,934,693</u> | <u>147,109,815</u> | <u>136,232,105</u> |
| 25.2 Repairs and indirect materials | | | | |
| Stores, spares, repair & maintenance | 312,161,576 | 196,504,277 | 110,709,510 | 83,186,811 |
| Packing expenses | <u>252,300,560</u> | <u>190,056,678</u> | <u>81,919,119</u> | <u>83,981,562</u> |
| | <u>564,462,136</u> | <u>386,560,955</u> | <u>192,628,629</u> | <u>167,168,373</u> |
| 25.3 Other production overhead | | | | |
| Tour and travel expenses | 859,852 | 768,061 | 301,346 | 233,511 |
| Demurrage | 596,142 | 2,850,142 | 308,770 | 2,226,668 |
| Insurance | 18,418,586 | 20,978,448 | 5,090,155 | 6,407,090 |
| Hiring charges and transportation | 3,237,684 | 2,776,224 | 785,537 | 1,093,183 |
| Other expenses | 4,991,112 | 11,231,906 | 1,781,367 | 4,220,039 |
| | <u>28,103,376</u> | <u>38,604,781</u> | <u>8,267,175</u> | <u>14,180,491</u> |

*Royalty has been calculated 8% on business profit as per Finance Act 2020.

| | 30 Sep 2021 | 30 Sep 2020 | July to Sep 2021 | July to Sep 2020 |
|--|--------------------|--------------------|-------------------|-------------------|
| | Taka | Taka | Taka | Taka |
| 26 Other income | | | | |
| Dividend income | 50 | 100 | - | - |
| Miscellaneous income | - | 91,541 | - | 61,915 |
| Rental income | - | 2,400,000 | - | 599,999 |
| Profit on sale of fixed assets (note 5.3) | 1,334,503 | 224,736 | (212,927) | 118,933 |
| | 1,334,553 | 2,716,377 | (212,927) | 780,847 |
| 27 Administrative expenses | | | | |
| Staff cost (note 27.2) | 144,156,713 | 134,696,251 | 46,417,160 | 45,193,391 |
| Annual General Meeting expenses | 1,398,500 | 1,637,060 | 102,000 | 63,048 |
| Telephone and postage | 5,077,936 | 4,386,084 | 2,118,791 | 1,311,921 |
| Office repair and maintenance (note 27.3) | 7,628,310 | 6,118,633 | 1,183,573 | 2,153,428 |
| Registration and renewal | 2,306,143 | 815,603 | 1,299,040 | 358,327 |
| Security and guard expenses | 13,174,304 | 11,552,119 | 4,495,445 | 4,028,748 |
| Electricity, gas and water | 5,857,990 | 4,905,944 | 2,269,023 | 2,652,957 |
| Depreciation on property, plant & equipment (note 5.2) | 22,148,625 | 26,137,444 | 7,425,256 | 8,862,639 |
| Depreciation on investment property (note 5.2) | 165,983 | 8,076,394 | 55,936 | 2,656,970 |
| Depreciation on right of use assets (note 6) | 508,046 | 1,945,719 | 169,349 | 648,574 |
| Amortization (note 7) | 1,137,330 | 3,473,364 | 383,276 | 374,467 |
| Legal and professional fees | 9,223,589 | 7,708,591 | 3,514,969 | 2,951,237 |
| Vehicle repair and maintenance | 7,473,811 | 7,718,812 | 2,033,307 | 3,433,747 |
| Rent, rate and tax | 3,270,313 | 2,893,752 | 839,184 | 422,457 |
| Loss on right of use assets (note : 6.1) | - | 475,595 | - | 475,595 |
| IT expenses | 2,480,455 | 2,301,456 | 278,992 | 1,132,060 |
| General Services | 10,232,770 | 7,263,458 | 3,753,815 | 4,334,888 |
| Donation | 2,022,671 | 1,268,924 | 1,402,671 | 450,000 |
| Managing Director's remuneration (note 27.4) | 24,423,711 | 5,155,180 | 7,197,873 | 5,155,180 |
| Others | 4,412,664 | 8,271,890 | 1,771,909 | 1,310,202 |
| | 267,100,464 | 246,802,273 | 86,711,569 | 87,965,841 |
| 27.1 Impairment loss on trade receivables | | | | |
| Unrelated parties | 120,366 | 2,869,764 | 34,957 | 466,708 |
| Related parties | 280,855 | 1,944,867 | 81,568 | - |
| | 401,221 | 4,814,631 | 116,525 | 466,708 |

New classification of financial assets shown in note 35.1(b) 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.

| | | | | |
|---|--------------------|--------------------|-------------------|-------------------|
| 27.2 Staff cost | | | | |
| Salary & wages | 100,953,823 | 97,707,016 | 32,964,411 | 33,164,695 |
| Bonus | 13,880,024 | 13,085,343 | 4,373,942 | 4,511,073 |
| Incentive | 709,777 | 163,137 | 484,892 | 47,980 |
| Gratuity | 5,639,688 | 5,680,676 | 1,848,196 | 1,859,033 |
| Employer's contribution to provident fund | 5,177,337 | 5,121,872 | 1,695,395 | 1,612,841 |
| Leave encashment | 1,604,024 | 1,684,025 | 524,363 | 568,405 |
| Group life insurance | 547,924 | 481,132 | 197,496 | 191,694 |
| Canteen and conveyance expenses | 7,432,457 | 4,308,550 | 2,573,846 | 1,724,416 |
| Staff uniform expenses | 2,302,093 | 566,757 | 162,518 | 231,406 |
| Travelling expenses | 2,564,788 | 2,333,209 | 1,222,979 | 1,220,019 |
| Compensation | 1,526,707 | 2,728,897 | - | 100,000 |
| Medical expenses | 1,181,546 | 517,801 | 261,967 | 255,594 |
| Accommodation expenses | 459,758 | 117,000 | 48,233 | 39,000 |
| Other employee benefit | 176,767 | 200,836 | 58,922 | (332,765) |
| | 144,156,713 | 134,696,251 | 46,417,160 | 45,193,391 |

Accommodation expenses includes rent expenses for short term lease for BDT. 117,000 and related government levies wherever applicable. Details of the short term lease is shown in note 34. No low value item exists at the reporting period.

| | | | | |
|--|-------------------|------------------|------------------|------------------|
| 27.3 Office repair & maintenance | | | | |
| Repairs office equipment | 349,392 | 250,592 | 52,105 | 101,280 |
| Office maintenance | 7,278,918 | 5,868,041 | 1,131,468 | 2,052,148 |
| | 7,628,310 | 6,118,633 | 1,183,573 | 2,153,428 |
| 27.4 Managing Director's remuneration | | | | |
| Provision made during the period | 24,423,711 | 5,155,180 | 7,197,873 | 5,155,180 |
| | 24,423,711 | 5,155,180 | 7,197,873 | 5,155,180 |

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

| | 30 Sep 2021 | 30 Sep 2020 | July to Sep 2021 | July to Sep 2020 |
|--|--------------------|--------------------|--------------------|--------------------|
| | Taka | Taka | Taka | Taka |
| 28 Marketing & selling expenses | | | | |
| Staff cost (note 28.1) | 66,947,014 | 49,956,764 | 22,578,764 | 18,306,242 |
| Advertisement | 8,354,435 | 10,088,440 | 2,711,973 | 3,157,360 |
| Freight and transportation | 225,309,425 | 181,168,453 | 70,926,387 | 67,851,912 |
| Compensation | 8,256,552 | 2,811,250 | 6,727,418 | 2,003,609 |
| Business promotion | 44,426,972 | 19,293,448 | 12,065,642 | 2,313,903 |
| Depreciation on property, plant & equipment (note 5.1) | 3,991,221 | 4,070,118 | 1,340,942 | 1,355,553 |
| Depreciation on right of use assets (note 6) | 5,477,180 | 10,393,309 | 1,825,727 | 3,461,103 |
| Showroom, office & house rent | 1,715,828 | 3,682,226 | 713,728 | 1,959,993 |
| Sample expenses | 10,119,137 | 5,595,732 | 2,678,819 | 2,464,622 |
| Tour, travel and others | 3,420,446 | 2,363,843 | 1,000,810 | 863,956 |
| | 378,018,210 | 289,413,583 | 122,570,210 | 103,738,253 |

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| 28.1 Staff cost | | | | |
| Salary & wages | 40,562,389 | 34,471,111 | 14,165,514 | 11,538,528 |
| Bonus | 5,631,580 | 5,675,629 | (1,073,567) | 2,815,700 |
| Incentive | 7,949,148 | - | 5,218,696 | - |
| Gratuity | 2,653,023 | 2,346,031 | 919,416 | 775,796 |
| Employer's contribution to provident fund | 2,436,033 | 1,900,733 | 846,562 | 450,171 |
| Leave Encashment | 787,326 | 701,671 | 273,481 | 231,552 |
| Group life insurance | 230,541 | 275,003 | 87,210 | 81,437 |
| Conveyance & food expenses | 6,576,462 | 4,478,100 | 2,141,452 | 2,413,058 |
| Compensation | - | 108,486 | - | - |
| Staff uniform expenses | 120,512 | - | - | - |
| | 66,947,014 | 49,956,764 | 22,578,764 | 18,306,242 |

28.2 Salary & wages under staff cost (note no. 25.1, 27.2 & 28.1) Includes employee contribution to provident fund for BDT. 17,717,537, BDT. 5,177,337 & BDT. 2,436,033.

| | | | | |
|--------------------------------|-------------------|-------------------|------------------|------------------|
| 29 Finance Income | | | | |
| Interest on bank account (SND) | 5,234,276 | 6,603,815 | 982,847 | 1,316,641 |
| Interest on fixed deposits | 24,790,812 | 32,284,302 | 7,668,899 | 5,428,523 |
| Foreign exchange gain | 694,401 | - | (533,717) | - |
| | 30,719,489 | 38,888,117 | 8,118,029 | 6,745,164 |

| | | | | |
|---|------------------|-------------------|------------------|------------------|
| 30 Finance expenses | | | | |
| Interest expenses against loan | 2,203,734 | 8,876,325 | 1,366,744 | 5,629,137 |
| Interest expenses against lease liability | 896,163 | 2,983,150 | 277,285 | 937,486 |
| Foreign exchange loss | - | 994,728 | - | 1,012,724 |
| Bank charges | 1,066,372 | 2,022,792 | 225,401 | 422,325 |
| | 4,166,269 | 14,876,995 | 1,869,430 | 8,001,672 |

| | | | | |
|--|-------------------|------------------|-------------------|------------------|
| 31 Contribution to worker's profit participation and welfare fund | | | | |
| Provision made during the period | 38,767,795 | 8,182,825 | 11,425,196 | 8,182,825 |
| | 38,767,795 | 8,182,825 | 11,425,196 | 8,182,825 |

| | | | | |
|-----------------------|--------------------|-------------------|-------------------|-------------------|
| 32 Current tax | | | | |
| Current period | 217,060,704 | 70,015,702 | 63,680,599 | 48,603,205 |
| | 217,060,704 | 70,015,702 | 63,680,599 | 48,603,205 |

| | 30 Sep 2021 | | 30 Sep 2020 | |
|--|--------------|--------|--------------|---------|
| | Taka | % | Taka | % |
| Profit before tax | 794,810,140 | | 140,050,656 | |
| Current tax expenses | 217,060,704 | 27.31% | 70,015,702 | 49.99% |
| Deferred tax expenses | (52,953,317) | -6.66% | (19,222,564) | -13.73% |
| Total tax expenses | 164,107,387 | 20.65% | 50,793,138 | 36.27% |
| Expected income tax using applicable tax rate for individual company | 187,041,320 | 23.53% | 50,995,272 | 36.41% |
| Tax on non-deductible expenses | 30,019,384 | 3.8% | 19,020,430 | 13.6% |
| Effective current tax | 217,060,704 | 27.31% | 70,015,702 | 49.99% |
| Effective deferred tax | (52,953,317) | -6.66% | (19,222,564) | -13.73% |
| | 164,107,387 | 20.65% | 50,793,138 | 36.27% |

34 Short term lease expenses

| Nature of the lease | Lease term | Allocation | Rent Payment | Rent Payment |
|----------------------|------------|------------|----------------|------------------|
| Rented accommodation | < 1 year | Admin | 117,000 | 1,091,670 |
| Rented accommodation | < 1 year | Marketing | - | 141,500 |
| | | | 117,000 | 1,233,170 |

35 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

35.1 Credit risk

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

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

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

a) Exposure to credit risk

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

| | USD | | Amounts in Taka | |
|-----------------------|-------------------|-------------------|----------------------|----------------------|
| | As at 30 Sep 2021 | As at 31 Dec 2020 | As at 30 Sep 2021 | As at 31 Dec 2020 |
| Trade receivables | | | | |
| Customer-Local | - | - | 1,236,412,101 | 996,501,760 |
| Customer-Export | 27,262 | 9,235 | 2,310,471 | 779,903 |
| | <u>27,262</u> | <u>9,235</u> | <u>1,238,722,572</u> | <u>997,281,663</u> |
| Other receivables | | | | |
| Accrued interest | | | 4,426,169 | 10,941,100 |
| Accrued rental income | | | 303,610 | 570,000 |
| Others | | | 5,351,108 | 7,485 |
| | | | <u>10,090,888</u> | <u>11,518,584</u> |
| Cash equivalents | | | <u>1,733,883,999</u> | <u>1,943,295,482</u> |

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 September 2021.

| Financial assets | Note | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 | Impairment loss (Refer note 10.1) |
|----------------------------|------|--------------------------------------|---------------------------------|---------------------------------------|----------------------------------|-----------------------------------|
| Trade receivable-unrelated | 10.1 | Loan & receivable | Amortized cost | 575,630,193 | 573,153,729 | 2,476,464 |
| Trade receivable-related | 10.1 | Loan & receivable | Amortized cost | 672,373,254 | 665,568,843 | 6,804,411 |
| Cash & cash equivalent | 13 | Loan & receivable | Amortized cost | 1,733,883,999 | 1,733,883,999 | - |

- The above table provides information ECLs till date. Impairment provision till Dec 2020 was Tk. 9,903,363 and provision made during the period is Tk. 401,221. Out of the provision Tk. 9,903,363 till Dec 2020, Taka 1,023,709 has been adjusted with trade receivable and provision on impairment loss.
- 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.
- Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these cash & cash equivalent was recognised in the current period on transition to IFRS 9.

c) Ageing of receivables

The ageing of trade receivables as at 30 September was:

| | Amounts in Taka | |
|------------------------|----------------------|--------------------|
| | As at 30 Sep 2021 | As at 31 Dec 2020 |
| Not past due | 1,187,740,467 | 939,289,385 |
| 0-90 days past due | 15,820,475 | 42,546,485 |
| 91-180 days past due | 25,322,318 | 7,633,293 |
| 181-365 days past due | 7,006,996 | 3,364,944 |
| over 365 days past due | 2,832,317 | 4,447,556 |
| | <u>1,238,722,572</u> | <u>997,281,663</u> |

35.2 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 renegotiated accordingly.

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

| | As at 30 Sep 2021 | | | |
|--------------------------|----------------------|------------------------|--------------------------|---------------------|
| | Carrying amount | Contractual cash flows | Within 12 months or less | More than 12 months |
| | Taka | Taka | Taka | Taka |
| Bank overdraft | 22,090,561 | 22,090,561 | 22,090,561 | - |
| Trade and other payables | 946,461,717 | 946,461,717 | 946,461,717 | - |
| Short term borrowing | 225,308,699 | 225,308,699 | 225,308,699 | - |
| | 1,193,860,977 | 1,193,860,977 | 1,193,860,977 | - |

| | As at 31 Dec 2020 | | | |
|--------------------------|--------------------|------------------------|--------------------------|---------------------|
| | Carrying amount | Contractual cash flows | Within 12 months or less | More than 12 months |
| | Taka | Taka | Taka | Taka |
| Bank overdraft | - | - | - | - |
| Trade and other payables | 625,493,472 | 625,493,472 | 625,493,472 | - |
| Short term borrowing | 119,940,905 | 119,940,905 | 119,940,905 | - |
| | 745,434,377 | 745,434,377 | 745,434,377 | - |

35.3 Market risk

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

a) Currency risk

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

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 Sep 2021 | | | | | As at 31 Dec 2020 | | |
|-------------------------------------|-------------------|-----|----------------|------|-----|-------------------|----------------|------|
| | AED | GBP | USD | EURO | JPY | GBP | USD | EURO |
| Foreign currency denominated assets | | | | | | | | |
| Receivable from customers-Export | - | - | 27,262 | - | - | - | 9,235 | - |
| Cash at bank | - | - | 104,807 | - | - | - | 139,238 | - |
| | - | - | 132,069 | - | - | - | 148,473 | - |

| | As at 30 Sep 2021 | | | | | As at 31 Dec 2020 | | |
|---|-------------------|------------------|---------------------|--------------------|----------|-------------------|--------------------|------------------|
| | AED | GBP | USD | EUR | JPY | GBP | USD | EUR |
| Foreign currency denominated liabilities | | | | | | | | |
| Trade payables | 900 | 284,593 | 3,316,810 | 1,469,004 | - | 198,261 | 1,387,121 | 572,772 |
| Short term borrowings | - | - | 2,650,769 | - | - | - | 1,411,900 | - |
| Royalty & Technical Fees | - | - | 4,435,977 | - | - | - | 3,736,710 | - |
| | 900 | 284,593 | 10,403,556 | 1,469,004 | - | 198,261 | 6,535,731 | 572,772 |
| Net exposure | (900) | (284,593) | (10,271,487) | (1,469,004) | - | (198,261) | (6,387,258) | (572,772) |

The Company has foreign exchange gain of Tk 694,401 during the period ended 30 Sep 2021 (30 Sep 2020: Exchange loss Tk 994,728).

The following significant exchange rates have been applied:

| | Exchange rate as at (Average) | |
|------|-------------------------------|-------------|
| | 30 Sep 2021 | 31 Dec 2020 |
| | Taka | Taka |
| AED | 23.2121 | 23.0356 |
| GBP | 114.8294 | 114.6885 |
| USD | 85.0500 | 84.4500 |
| EURO | 99.0037 | 104.0430 |

ii Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

| | As at 30 Sep 2021 | | As at 31 Dec 2020 | |
|---------------------------|-------------------|-----------|-------------------|-----------|
| | Profit or (loss) | | Profit or (loss) | |
| | Strengthening | Weakening | Strengthening | Weakening |
| | Taka | Taka | Taka | Taka |
| At 30 September | | | | |
| AED (3 percent movement) | (28) | 26 | - | - |
| GBP (3 percent movement) | (8,802) | 8,289 | (6,132) | 5,775 |
| USD (3 percent movement) | (317,675) | 299,170 | (197,544) | 186,037 |
| EURO (3 percent movement) | (45,433) | 42,787 | (17,715) | 16,683 |

b) Interest rate risk

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

Profile

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

| | Carrying amount | |
|-------------------------------|-------------------|-------------------|
| | As at 30 Sep 2021 | As at 31 Dec 2020 |
| | Taka | Taka |
| Fixed rate Instruments | | |
| Financial assets | | |
| Investment in FDR | 1,117,507,395 | 1,152,575,127 |
| Cash at banks | 616,376,604 | 790,720,355 |
| Financial liabilities | | |
| Bank overdraft | 22,090,561 | - |
| Short term borrowing | 225,308,699 | 119,940,905 |

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

| | As at 30 Sep 2021 | | As at 31 Dec 2020 | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | Carrying amount Taka | Fair Value Taka | Carrying amount Taka | Fair value Taka |
| Financial assets | | | | |
| Held to maturity assets | | | | |
| Investment in FDR | 1,117,507,395 | 1,117,507,395 | 1,152,575,127 | 1,152,575,127 |
| Loans and receivables | | | | |
| Trade receivables | 1,238,722,572 | 1,238,722,572 | 997,281,663 | 997,281,663 |
| Other receivables | 10,090,888 | 10,090,888 | 11,518,584 | 11,518,584 |
| Cash equivalents | 1,733,883,999 | 1,733,883,999 | 1,943,295,482 | 1,943,295,482 |
| Financial liabilities | | | | |
| Liabilities carried at amortised costs | | | | |
| Bank overdraft | 22,090,561 | 22,090,561 | - | - |
| Trade and other payables | 946,461,717 | 946,461,717 | 625,493,472 | 625,493,472 |
| Short term borrowing | 225,308,699 | 225,308,699 | 119,940,905 | 119,940,905 |

Interest rates used for determining amortised cost

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

| | 30 Sep 2021 | 31 Dec 2020 |
|---|------------------|------------------|
| Investment in FDR (local currency/BDT) | 0.15%-4.25% | 1.95%-4.50% |
| Bank overdraft (local currency/BDT) | 9% | 9% |
| Short term bank loan (local currency/BDT) | 9% | 9% |
| Short term bank loan (foreign currency/USD) | Libor+2.70%-3.5% | Libor+2.75%-3.5% |

36 Related party disclosures under IAS-24

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

| 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 |
|-------------------------------------|--------------------------|---------------------------------|---------------------|-----------------------------------|-------------------------------|--------------------------------|------------------------------------|--------------------------|-------------------------|--------------------------|
| | | | | | | | | | | |
| RAK Power Pvt. Ltd | Subsidiary | Unsecured | Nil | Current period Previous period | 278,749,763 208,269,991 | 8,217,391 9,586,957 | 8,217,391 9,586,957 | 72,371,667 29,826,681 | - | 20,489,900 40,999,800 |
| RAK Security & Services Pvt. Ltd | Subsidiary | Unsecured | Nil | Current period Previous period | 27,334,187 28,415,231 | - | - | 8,092,852 6,860,435 | - | 1,960,000 4,850,000 |
| RAK Ceramics PSC, UAE | Parent | Unsecured | Nil | Current period Previous period | 4,422,545 4,982,192 | - | - | 19,413,898 23,374,948 | - | - |
| Ceramin FZ LLC | Fellow subsidiary | Secured | Nil | Current period Previous period | 514,622,592 318,543,447 | - | - | 72,548,017 40,377,985 | - | - |
| RAK Paints Pvt. Ltd. | Other related party | Unsecured | Nil | Current period Previous period | 423,872 120,326 | 2,400,000 | 303,610 878,858 | 278,908 5,144 | - | - |
| Kea Printing & Packaging Industries | Other related party | Unsecured | Nil | Current period Previous period | 41,101,755 41,821,326 | - | - | 7,121,601 5,370,868 | - | - |
| Palli Properties Pre. Ltd | Other related party | Unsecured | Nil | Current period Previous period | 8,020,853 7,762,019 | - | - | 754,960 - | - | - |
| Sky Bird Travel Agents Pvt. Ltd. | Other related party | Unsecured | Nil | Current period Previous period | 294,030 381,373 | - | - | 27,250 - | - | - |
| Global Business Associates Ltd. | Other related party | Unsecured | Nil | Current period Previous period | 1,496,233 6,414 | - | - | 6,414 - | - | - |
| Pelikan Plastic & Packing Pvt. Ltd. | Other related party | Unsecured | Nil | Current period Previous period | 44,295,905 37,038,034 | - | - | 6,054,030 8,085,867 | - | - |
| Mohammed Trading | Other related party | Secured by Guaranteed Cheque | Nil | Current period Previous period | - - | 1,712,054,437 1,220,178,467 | 672,027,541 558,411,247 | - - | - | - |
| S.A.K. Ekramuzzaman | Key Management Personnel | Unsecured | Nil | Current period Previous period | 2,201,425 1,919,250 | - | - | 17,096,598 5,155,180 | 24,423,711 5,155,180 | - |
| Sadhan Kumar Dey | Key Management Personnel | Unsecured | Nil | Current period Previous period | - - | - | - | - - | 7,002,679 6,143,940 | - |

36.1 RAK Ceramics (Bangladesh) Limited did not have any tangible assets sale or purchase with its related party amounting to 1% (one percent) or above of the tangible asset for the immediate preceding financial period. To comply the BSEC notification no. BSEC/CHRRCD/2009-193/2/admin/103 dated February 05, 2020 shareholders of the company in its 22nd Annual General Meeting dated March 31, 2021 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) amounting to 1% (One percent) or above of the revenue for the immediate financial period."

36.2 Paid to Directors
During the period, provision was made as MD's remuneration for Taka. 24,423,711.
During the period, Board meeting fees of Taka 210,000 was paid to the board members for attending the Board meetings.

37 Segment reporting

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

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

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

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

30 Sep 2021

| | Business Segments | | | | Entity total |
|----------------------------------|-------------------------|---------------|-----------------------|---------------|--------------------|
| | Ceramic & sanitary ware | Power | Security and Services | Inter segment | |
| | Iaka | Iaka | Iaka | Iaka | Iaka |
| Revenue - external customers | 4,817,304,886 | - | 25,962,861 | - | 4,843,267,746 |
| Revenue - inter segment | - | 278,749,763 | 28,607,203 | (307,356,966) | - |
| Total segment revenue | 4,817,304,886 | 278,749,763 | 54,570,064 | (307,356,966) | 4,843,267,746 |
| Cost of sales- external customer | (3,130,993,190) | (220,378,338) | (40,686,162) | - | (3,392,057,689) |
| Cost of sales- inter segment | (306,083,950) | (9,490,407) | - | 315,574,357 | - |
| Total segment cost of sales | (3,437,077,140) | (229,868,745) | (40,686,162) | 315,574,357 | (3,392,057,689) |
| Gross profit | 1,380,227,746 | 48,881,018 | 13,883,902 | - | 1,451,210,057 |
| Dividend income | 22,479,900 | 20,000 | 50 | (22,499,900) | 50 |
| Rental income | 8,217,391 | - | - | (8,217,391) | - |
| Financial income | 30,712,152 | (9,771) | 17,107 | - | 30,719,489 |
| Financial expenses | (4,064,739) | (96,767) | (4,763) | - | (4,166,269) |
| Depreciation | (318,359,576) | (21,401,212) | (154,340) | - | (339,915,128) |
| Other operating expenses | (345,191,481) | 14,124,034 | (13,305,114) | - | (344,372,561) |
| Segment profit before tax | 775,355,896 | 41,517,302 | 436,842 | - | 794,810,140 |
| Income tax expense | (202,085,841) | (14,843,810) | (131,053) | - | (217,060,704) |
| Deferred tax | 48,798,861 | 4,369,112 | (214,656) | - | 52,953,317 |
| Non -Controlling interest | - | 151 | - | - | 152 |
| Profit for the period | - | - | - | - | 630,702,602 |

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Business Segments

| | <u>Ceramic & sanitary ware</u> | | <u>Power</u> | | <u>Security and services</u> | | <u>Inter segment</u> | | <u>Entity total</u> | |
|----------------------------------|------------------------------------|--|---------------|--------------|------------------------------|--|----------------------|--|---------------------|--|
| | <u>Taka</u> | | <u>Taka</u> | | <u>Taka</u> | | <u>Taka</u> | | <u>Taka</u> | |
| Revenue - external customers | 3,368,825,340 | | 5,457,758 | 38,104,360 | - | | - | | 3,412,387,458 | |
| Revenue - inter segment | - | | 208,269,991 | 29,439,622 | (237,709,613) | | (237,709,613) | | - | |
| Total segment revenue | 3,368,825,340 | | 213,727,749 | 67,543,982 | (237,709,613) | | (237,709,613) | | 3,412,387,458 | |
| Cost of sales- external customer | (2,519,932,217) | | (173,909,306) | (56,009,466) | - | | - | | (2,749,850,989) | |
| Cost of sales- inter segment | (236,685,222) | | (3,529,656) | - | 240,214,878 | | 240,214,878 | | - | |
| Total segment cost of sales | (2,756,617,439) | | (177,438,962) | (56,009,466) | 240,214,878 | | 240,214,878 | | (2,749,850,989) | |
| Gross profit | 612,207,901 | | 36,288,787 | 11,534,516 | - | | - | | 662,536,469 | |
| Other income | 224,218 | | 91,541 | 518 | | | | | 316,277 | |
| Dividend income | 45,949,800 | | 50,000 | 100 | (45,999,800) | | (45,999,800) | | 100 | |
| Rental income | 11,986,957 | | - | - | (9,586,957) | | (9,586,957) | | 2,400,000 | |
| Financial income | 37,151,446 | | 1,699,543 | 37,129 | - | | - | | 38,888,117 | |
| Financial expenses | (14,681,928) | | (160,820) | (34,247) | - | | - | | (14,876,994) | |
| Depreciation | (321,054,174) | | (10,953,549) | (162,680) | - | | - | | (332,170,403) | |
| Other operating expenses | (208,127,713) | | 4,003,409 | (12,918,608) | - | | - | | (217,042,911) | |
| Segment profit before tax | 163,656,505 | | 31,018,911 | (1,543,272) | - | | - | | 140,050,656 | |
| Income tax expense | (58,220,002) | | (11,795,700) | - | - | | - | | (70,015,702) | |
| Deferred tax | 15,180,858 | | 3,876,154 | 165,552 | - | | - | | 19,222,564 | |
| Non -Controlling interest | - | | 98 | 0.00 | - | | - | | 98 | |
| Profit for the period | | | | | | | | | 89,257,420 | |

| | 30 Sep 2021 | 30 Sep 2020 |
|---|--------------------|--------------------|
| | Taka | Taka |
| 38 Calculation of Earnings per share (EPS) | | |
| Calculation of earnings per share (EPS) is as under: | | |
| (a) Profit attributable to equity holders of the Company | 630,702,602 | 89,257,420 |
| (b) No. of ordinary equity shares | 427,968,701 | 427,968,701 |
| (c) Weighted average no. of equity shares outstanding (Note 38.1) | 427,968,701 | 427,968,701 |
| Earnings per share (EPS) for the period (a+c) | 1.47 | 0.21 |
| Diluted earnings per share for the period (a+c) | 1.47 | 0.21 |

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

| | 30 Sep 2021 | 30 Sep 2020 |
|--------------------|--------------------|--------------------|
| Outstanding shares | 427,968,701 | 427,968,701 |
| | 427,968,701 | 427,968,701 |

38.2 Diluted earning per share

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

38.3 Reason of deviation of earnings per share:

Due to the revised and responsive business strategy taken by the management, sales is increased by 41.93% from BDT. 3,412.39 mn to BDT. 4,843.27 mn. The company registered improvement of cost of sales due to enhanced control on cost compared to previous period which resulting increase of earnings per share from BDT. 0.21 to BDT. 1.47. Number of working days are also more in the year 2021 than year 2020 because of COVID - 19 impact. Reduction of tax rate by 2.5% as per Finance Act 2021 impacting profit after tax eventually, improving earnings per share.

39 Calculation of Net assets value per share

| | | |
|---|---------------|---------------|
| (a) Net assets value (Note 14, 15 & 16) | 7,226,044,687 | 6,801,914,875 |
| (b) Weighted average no. of equity shares outstanding (Note 38.1) | 427,968,701 | 427,968,701 |
| Net assets value per share (a:b) | 16.88 | 15.89 |

40 Calculation of Net operating cash flow per share

| | | |
|---|-------------|-------------|
| (a) Net Cash flows from operating activities (Note 41.1) | 174,659,297 | 449,752,526 |
| (b) Weighted average no. of equity shares outstanding (Note 38.1) | 427,968,701 | 427,968,701 |
| Net operating cash flow per share (a:b) | 0.41 | 1.05 |

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

Due to the revised and responsive business strategy taken by the management, sales is increased by 41.93% from BDT. 3,412.39 mn to BDT. 4,843.27 mn. But, cash collection from the customers has not been increased in same proportion due to allowing additional credit term during the pandemic period which is impacting in net operating cash flow inversely. As a result, net operating cash flow per share has been reduced from BDT. 1.05 to BDT. 0.41.

| 41.1 Reconciliation of operating cash flow: | <u>30 Sep 2021</u> | <u>30 Sep 2020</u> |
|---|----------------------|--------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 794,810,140 | 140,050,656 |
| Adjustment for: | | |
| Depreciation | 345,900,353 | 344,499,429 |
| Amortization | 1,137,330 | 3,473,364 |
| Loss on right of use assets | - | 475,595 |
| Advance rent adjustment | - | (6,293,495) |
| Finance expenses | 4,166,269 | 13,882,266 |
| Finance income | (30,719,489) | (38,888,117) |
| Other Income | (1,334,553) | (2,624,835) |
| | <u>1,113,960,051</u> | <u>455,569,590</u> |
| Increase/decrease in trade and other receivables | (246,794,533) | (149,678,661) |
| Increase/decrease in inventories | (913,482,928) | 417,313,908 |
| Increase/decrease in trade and other payables | 413,957,018 | (169,593,029) |
| Cash generated from operating activities | <u>367,639,608</u> | <u>553,611,804</u> |
| Interest received from bank deposit | 5,234,276 | 6,603,815 |
| Income tax paid | (198,214,587) | (110,463,093) |
| Net cash (used in)/from operating activities | <u>174,659,297</u> | <u>449,752,526</u> |

42 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 1,149,451,034 (30 Sep 2020: Tk 1,150,151,869). 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 751,826,389 (30 Sep 2020: Tk 324,992,470) and letter of guarantee of Tk 139,459,353 (30 Sep 2020: Tk 76,296,728).

The company issued one corporate guarantee value BDT. 70 mn (SCB) in favour of subsidiary company to avail loan from banks. Outstanding loan against the said corporate guarantee are nil at 30 September 2021. Therefore no credit loss allowances is expected.