

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 June 2022

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 June 2022

	Notes	<u>30 June 2022</u> Taka	<u>31 Dec 2021</u> Taka
Assets			
Property, plant and equipment	4	2,667,505,666	2,799,893,949
Investment property	5	503,124,118	503,234,165
Right-of-use assets	6	19,443,344	13,852,546
Intangible assets	7	1,320,567	2,025,755
Capital work-in-progress	8	94,250,588	17,713,837
Total non-current assets		<u>3,285,644,283</u>	<u>3,336,720,252</u>
Inventories	9	3,633,221,575	2,989,795,940
Trade and other receivables	10	1,363,883,470	1,227,006,049
Advances, deposits and prepayments	11	465,009,380	311,692,999
Advance income tax	12	3,976,563,160	3,865,788,064
Cash and cash equivalents	13	1,625,907,968	2,276,654,664
Total current assets		<u>11,064,585,553</u>	<u>10,670,937,716</u>
Total assets		<u>14,350,229,836</u>	<u>14,007,657,968</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	1,642,687,876	1,747,192,779
Equity attributable to equity holders of the company		<u>7,396,022,865</u>	<u>7,500,527,768</u>
Non-controlling interests		1,329	1,418
Total equity		<u>7,396,024,194</u>	<u>7,500,529,186</u>
Liabilities			
Deferred tax liability	17	121,710,838	139,829,250
Lease liability	20	8,480,790	4,904,896
Total non-current liabilities		<u>130,191,628</u>	<u>144,734,146</u>
Employees benefits payable	18	27,354,377	-
Borrowings	19	447,085,069	430,408,117
Lease liability	20	4,367,484	4,809,657
Trade and other payables	21	1,145,764,963	885,084,814
Unclaimed dividend payable	22	12,206,341	11,764,448
Accrued expenses	23	750,616,499	758,212,444
Provision for income tax	24	4,436,619,281	4,272,115,156
Total current liabilities		<u>6,824,014,014</u>	<u>6,362,394,636</u>
Total liabilities		<u>6,954,205,642</u>	<u>6,507,128,782</u>
Total equity and liabilities		<u>14,350,229,836</u>	<u>14,007,657,968</u>

The accompanying notes are an integral part of these financial statements



Abdallah Massaad
Chairman



SAK Ekramuzzaman
Managing Director



Pramod Kumar Chand
Director



Sadhan Kumar Dey
Chief Financial Officer



Muhammad Shahidul Islam FCS
Company Secretary

Dated, 20 July 2022

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of profit or loss and other comprehensive income
for the period ended 30 June 2022

	Notes	30 June 2022 Taka	30 June 2021 Taka	April to June 2022 Taka	April to June 2021 Taka
Sales	25	3,803,025,903	3,268,700,939	1,796,488,007	1,534,984,608
Cost of sales	26	(2,674,921,529)	(2,292,410,708)	(1,269,499,367)	(1,076,913,136)
Gross profit		1,128,104,374	976,290,231	526,988,640	458,071,472
Other income	27	100	1,547,481	-	1,547,431
Administrative expenses	28	(181,262,797)	(162,756,636)	(90,152,500)	(79,308,589)
Impairment loss on trade receivables	28.1	(20,548)	(284,696)	(17,785)	(203,881)
Marketing and selling expenses	29	(306,435,860)	(255,448,001)	(146,661,520)	(122,393,976)
		(487,719,105)	(416,941,852)	(236,831,805)	(200,359,015)
Profit from operating activities		640,385,269	559,348,379	290,156,835	257,712,457
Finance income	30	31,084,895	22,601,461	15,208,575	9,929,308
Finance expenses	31	(64,976,745)	(2,296,838)	(52,551,400)	(740,104)
Net finance income		(33,891,850)	20,304,623	(37,342,825)	9,189,204
Profit before contribution to worker's profit participation and welfare fund		606,493,419	579,653,002	252,814,010	266,901,661
Contribution to workers' profit participation and welfare fund	32	(29,651,623)	(27,342,599)	(11,381,557)	(12,183,663)
Profit before income tax		576,841,796	552,310,403	241,432,453	254,717,998
Income tax expense					
Current tax	33	(164,504,125)	(153,380,106)	(64,609,261)	(63,585,523)
Deferred tax	17	18,118,413	36,633,491	10,516,410	29,397,442
		(146,385,712)	(116,746,615)	(54,092,851)	(34,188,081)
Profit for the period		430,456,084	435,563,788	187,339,602	220,529,917
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		430,456,084	435,563,788	187,339,602	220,529,917
Profit attributable to:					
Equity holders of the company		430,455,973	435,563,683	187,339,546	220,529,866
Non-controlling interests		111	105	56	51
Profit after tax for the period		430,456,084	435,563,788	187,339,602	220,529,917
Basic earnings per share (Par value TK 10)	39	1.01	1.02	0.44	0.52

The accompanying notes are an integral part of these financial statements



Abdallah Massaad
Chairman



SAK Ekramuzzaman
Managing Director



Pramod Kumar Chand
Director



Sadhan Kumar Dey
Chief Financial Officer



Muhammad Shahidul Islam FCS
Company Secretary

Dated, 20 July 2022

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
for the period ended 30 June 2022

	Attributable to owners of the Company					
	Share capital Taka (Note - 14)	Share Premium Taka (Note - 15)	Retained earnings Taka (Note - 16)	Total Taka	Non- controlling interests Taka	Total equity Taka
Balance as at 01 January 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	-	-	435,563,683	435,563,683	105	435,563,788
Transactions with the shareholders Cash dividend (2020)	-	-	(427,968,701)	(427,968,701)	(100)	(427,968,801)
Balance as at 30 June 2021	4,279,687,010	1,473,647,979	1,277,570,779	7,030,905,768	1,319	7,030,907,087
Balance as at 01 January 2022	4,279,687,010	1,473,647,979	1,747,192,779	7,500,527,768	1,418	7,500,529,186
Total comprehensive income for 2022 Profit for the period	-	-	430,455,973	430,455,973	111	430,456,084
Transactions with the shareholders: Cash dividend (2021)	-	-	(534,960,876)	(534,960,876)	(200)	(534,961,076)
Balance as at 30 June 2022	4,279,687,010	1,473,647,979	1,642,687,876	7,396,022,865	1,329	7,396,024,194

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
for the period ended 30 June 2022

	<u>30 June 2022</u>	<u>30 June 2021</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	3,664,025,458	3,087,333,239
Cash payments to suppliers and employees	<u>(3,547,160,214)</u>	<u>(2,783,661,733)</u>
Cash generated from operating activities	<u>116,865,244</u>	<u>303,671,506</u>
Interest received from bank deposits	4,730,633	4,251,430
Income tax paid (note - 12)	<u>(110,775,096)</u>	<u>(91,396,587)</u>
Net cash (used in)/from operating activities (note-42)	<u>10,820,781</u>	<u>216,526,349</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(162,555,446)	(47,582,934)
Sale of property, plant and equipment (note-5.3)	-	3,332,000
Interest received from FDR	28,477,287	24,243,457
Dividend received	100	50
Net cash (used in)/from investing activities	<u>(134,078,059)</u>	<u>(20,007,427)</u>
Cash flows from financing activities		
Finance charges	(7,391,680)	(3,099,741)
Avail/(repayment) of short-term loan	16,676,952	(36,889,817)
Payment of lease liability	(3,087,463)	(2,271,506)
Dividend paid	(534,518,983)	(426,291,631)
Unclaimed share application refund	-	(336,000)
Adjustment related with non-controlling interest	<u>(200)</u>	<u>(100)</u>
Net cash (used in)/from financing activities	<u>(528,321,374)</u>	<u>(468,888,795)</u>
Effect of exchange rate changes in cash and cash equivalents	831,956	179,644
Net increase/(decrease) in cash and cash equivalents	<u>(650,746,696)</u>	<u>(272,190,229)</u>
Cash and cash equivalents as at 01 January	2,276,654,664	1,949,194,840
Cash and cash equivalents as at 30 June (Note 13)	<u><u>1,625,907,968</u></u>	<u><u>1,677,004,611</u></u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements as at and for the period ended 30 June 2022

1. Reporting entity

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

1.1 Nature of business

The Company is engaged in manufacturing and marketing of ceramics tiles, wash room sets and all types of sanitary ware. It has started its commercial production on 12 November 2000. The commercial production of its new sanitary ware plant, expansion unit of ceramics facilities, tiles and sanitary plant was started on 10 January 2004, 1 July 2004, 1 September 2007, 1 April 2015 and 17th May 2016 respectively.

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

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

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

RAK Security and Services (Pvt.) Limited

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

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

2. Basis of preparation

2.1 Statement of compliance

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

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

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 20 July 2022.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

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

2.5 Reporting period

The financial period of the Company covers one year from 1 January to 31 December each year and is followed consistently. These interim financial statements were prepared for a period from 1 January 2022 to 30 June 2022. The comparative figure cover the period from 1 January 2021 to 30 June 2021/31 Dec 2021 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 and Mid of April 2021 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, presently situation improved a lot and the economy has been returned 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 IFRSs, have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

b) Cash and cash equivalents

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

3.3 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.4 Share capital

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

3.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment. Ongoing repairs and maintenance is expensed as incurred.

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

3.5.1 Depreciation on property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Capital-work-in-progress and land are not depreciated. Depreciation on addition to fixed assets is charged when it is available for use and charging of depreciation on property, plant and equipment ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

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

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

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

3.6 Investment property

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

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

3.6.1 Depreciation on investment property

Depreciation charged on the basis of straight line method. Depreciation continues to be charged on each item of investment property until written value of such fixed asset is reduced to Taka one. Depreciation on addition to fixed assets is charged when it is available for use and charging of depreciation on property, plant, equipment & investment property ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

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

Category of property, plant and equipment	Rate (%)
Building	5

Land is not depreciated as it deemed to have an infinite life.

3.7 Capital work-in-progress

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

3.8 Intangible assets

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

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

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No internal developed intangible assets capitalized during the period.

3.9 Inventories

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

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

3.10 Impairment

Non-derivative financial assets

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

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.11 Employee benefit schemes

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

Defined contribution plan (Provident fund)

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

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

Defined benefit plan (Gratuity)

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

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

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

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

3.13 Provisions

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

3.14 IFRS 9 Financial Instruments

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

i. Classification – financial assets

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

ii. Impairment

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

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

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

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

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

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

iii. Hedging

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

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

3.15 IFRS 15 Revenue from Contracts with Customers

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

i. Sales of goods

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

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

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

ii. Rendering of services

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

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

iii. Construction contracts

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

3.16 IFRS 16 Leases

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

General impact of application of IFRS 16 Leases

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

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

Impact of the new definition of a lease

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

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

Impact on Lessee Accounting

Former operating leases

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

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

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

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

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

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

Former finance leases

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

Impact on Lessor Accounting

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

3.17 Finance income and expenses

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

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

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

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

3.18 Foreign currency

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

3.19 Taxation

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

Current tax:

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

3.21 Determination and presentation of operating segment

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

3.22 Contingencies

Contingent liability

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

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

Contingent asset

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

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

3.23 Statement of cash flows

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

3.24 Events after the reporting period

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

3.25 Comparatives and reclassification

Comparative information have been disclosed in respect of 2021 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, plant and equipment

30 June 2022

Particulars	C O S T					D E P R E C I A T I O N					Net book value as at 30 June 2022
	Balance as at 01 Jan 2022	Addition during the period	Sale/disposal transfer during the period	Balance as at 30 June 2022	Rate (%)	Balance as at 01 Jan 2022	Charged during the period	Adjustment during the period	Balance as at 30 June 2022		
Land	341,565,707	-	-	341,565,707		-	-	-	-	341,565,707	
Factory building	1,039,010,882	2,000,400	-	1,041,011,283	5-20	537,116,690	24,204,527	-	561,321,217	479,690,066	
Office and accommodation building	534,211,506	4,295,952	-	538,507,457	5	203,708,611	14,380,846	-	218,089,458	320,417,999	
Plant and machinery	5,838,268,311	60,101,279	(1,512,451)	5,896,857,137	5-10	4,355,890,753	159,564,465	(123,487)	4,515,331,731	1,381,525,407	
Mobile plant	122,557,641	1,322,343	-	123,879,984	10	84,900,028	3,457,157	-	88,357,185	35,522,799	
Electrical installation	242,630,147	-	-	242,630,147	10-20	215,255,337	3,190,388	-	218,445,725	24,184,422	
Gas pipeline	80,514,054	-	-	80,514,054	10-20	64,055,745	2,012,404	-	66,068,149	14,445,905	
Furniture and fixtures	44,050,472	3,396,913	-	47,447,385	10	28,097,484	2,268,796	-	30,366,281	17,081,104	
Office equipment	52,713,848	4,140,409	(105,000)	56,749,257	10-20	40,839,174	2,862,844	(105,000)	43,597,016	13,152,240	
Communication equipment	12,509,259	2,241,375	-	14,750,634	10-20	8,369,622	1,109,619	-	9,479,240	5,271,394	
Tools and appliances	19,831,622	-	(5,246,399)	14,585,223	10-20	14,977,934	648,540	(4,972,142)	10,654,332	3,930,891	
Vehicles	90,757,466	8,520,026	-	99,277,492	10-20	65,515,588	3,044,171	-	68,559,758	30,717,733	
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-	
Total	8,422,251,927	86,018,695	(6,863,850)	8,501,406,772		5,622,357,978	216,743,757	(5,200,629)	5,833,901,106	2,667,505,666	

31 Dec 2021

Particulars	C O S T					D E P R E C I A T I O N					Net book value as at 31 Dec 2021
	Balance as at 01 Jan 2021	Addition during the year	Sale/disposal transfer during the year	Balance as at 31 Dec 2021	Rate (%)	Balance as at 01 Jan 2021	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2021		
Land	341,565,707	-	-	341,565,707		-	-	-	-	341,565,707	
Factory building	1,038,033,128	977,754	-	1,039,010,882	5-20	488,346,178	48,770,512	-	537,116,690	501,894,192	
Office and accommodation building	507,945,395	26,266,111	-	534,211,506	5	174,934,010	28,774,601	-	203,708,611	330,502,895	
Plant and machinery	5,786,866,674	113,409,476	(62,007,839)	5,838,268,311	5-10	4,073,660,908	340,568,353	(58,338,508)	4,355,890,753	1,482,377,558	
Mobile plant	142,301,896	10,921,834	(30,666,089)	122,557,641	10	108,869,473	4,912,074	(28,881,519)	84,900,028	37,657,613	
Electrical installation	242,630,147	-	-	242,630,147	10-20	208,442,647	6,812,690	-	215,255,337	27,374,810	
Gas pipeline	79,438,345	1,075,709	-	80,514,054	10-20	59,976,468	4,079,277	-	64,055,745	16,458,309	
Furniture and fixtures	42,711,628	5,920,657	(4,581,813)	44,050,472	10	28,184,191	3,446,949	(3,533,656)	28,097,484	15,952,988	
Office equipment	97,120,413	4,912,673	(49,319,238)	52,713,848	10-20	85,303,137	4,748,582	(49,212,545)	40,839,174	11,874,674	
Communication equipment	13,757,325	903,004	(2,151,070)	12,509,259	10-20	8,450,583	1,963,875	(2,044,836)	8,369,622	4,139,637	
Tools and appliances	19,177,097	717,952	(63,427)	19,831,622	10-20	13,596,805	1,444,556	(63,427)	14,977,934	4,853,688	
Vehicles	84,511,240	6,246,226	-	90,757,466	10-20	59,230,380	6,285,208	-	65,515,588	25,241,878	
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-	
Total	8,399,690,005	171,351,396	(148,789,476)	8,422,251,927		5,312,625,791	451,806,678	(142,074,492)	5,622,357,978	2,799,893,949	

5 Investment Property

30 June 2022

Particulars	COST				Rate	DEPRECIATION				Net book value as at 30 June 2022
	Balance as at 01 Jan 2022	Addition during the period	Sale/Transfer during the period	Balance as at 30 June 2022		Balance as at 01 Jan 2022	Charged during the period	Adjustment during the period	Balance as at 30 June 2022	
	Land ¹	500,571,750	-	-		500,571,750	-	-	-	
Office building ²	4,432,737	-	-	4,432,737	1,770,322	110,047	-	1,880,369	2,552,368	
Total	505,004,487	-	-	505,004,487	1,770,322	110,047	-	1,880,369	503,124,118	

31 Dec 2021

Particulars	COST				Rate	DEPRECIATION				Net book value as at 31 Dec 2021
	Balance as at 01 Jan 2021	Addition during the year	Sale/Transfer during the year	Balance as at 31 Dec 2021		Balance as at 01 Jan 2021	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2021	
	Land ¹	500,571,750	-	-		500,571,750	-	-	-	
Office building ²	4,432,737	-	-	4,432,737	1,548,404	221,918	-	1,770,322	2,662,415	
Total	505,004,487	-	-	505,004,487	1,548,404	221,918	-	1,770,322	503,234,165	

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

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

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

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

	<u>30 June 2022</u> Taka	<u>30 June 2021</u> Taka
5.1 Depreciation		
Property, plant and equipment (Note 4)	216,743,757	228,155,414
Investment Property (Note 5)	110,047	110,047
	<u>216,853,804</u>	<u>228,265,461</u>
5.2 Allocation of Depreciation		
Cost of sales (Note 26)	198,349,326	210,781,766
Administrative expenses (Note 5.2.1)	15,304,530	14,833,416
Marketing & selling expenses (Note 29)	3,199,948	2,650,279
	<u>216,853,804</u>	<u>228,265,461</u>
5.2.1 Allocation of Administrative Depreciation		
Depreciation on property, plant & equipment (Note 28)	15,194,483	14,723,369
Depreciation on investment property (Note 28)	110,047	110,047
	<u>15,304,530</u>	<u>14,833,416</u>

5.3 Disposal of property, plant and equipment

30 June 2022

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

31 Dec 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	49,319,238	49,212,545	106,693	-	(106,693)
Furniture & fixture	4,581,813	3,533,656	1,048,156	-	(1,048,156)
Plant and machinery	62,007,839	58,338,508	3,669,331	-	(3,669,331)
Communication equipment	2,151,070	2,044,836	106,234	-	(106,234)
Tools and appliances	63,427	63,427	-	-	-
Total	148,789,476	142,074,492	6,714,984	-	(3,382,984)

6 Right-of-use assets

30 June 2022

Particulars	COST			DEPRECIATION				Net book value as at 30 June 2022
	Balance as at 01 Jan 2022	Addition during the period	Sale/disposal during the period	Balance as at 30 June 2022	Balance as at 01 Jan 2022	Charged during the period	Adjustment during the period	
Display center	44,590,469	9,767,411	-	54,357,880	31,468,446	3,819,865	-	35,288,311
Accommodation building	1,393,850	-	-	1,393,850	663,327	356,748	-	1,020,075
Total	45,984,319	9,767,411	-	55,751,730	32,131,773	4,176,613	-	19,443,344

31 Dec 2021

Particulars	COST			DEPRECIATION				Net book value as at 31 Dec 2021
	Balance as at 01 Jan 2021	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2021	Balance as at 01 Jan 2021	Charged during the year	Adjustment during the year	
Display center	51,948,657	-	(7,358,189)	44,590,469	31,481,037	7,458,852	(7,471,444)	31,468,446
Accommodation building	2,432,214	690,046	(1,728,411)	1,393,850	1,716,579	714,217	(1,767,470)	663,327
Office Building	3,776,889	-	(3,776,889)	-	3,776,889	-	(3,776,889)	-
Total	58,157,760	690,046	(12,863,490)	45,984,319	36,974,505	8,173,069	(13,015,803)	13,852,546

6.1 Allocation of depreciation

	30 June 2022	30 June 2021
Administrative expenses (Note 28)	356,748	338,697
Marketing & Selling expenses (Note 29)	3,819,865	3,651,453
	<u>4,176,613</u>	<u>3,990,150</u>

1. Company rented four display center's situated in Dhaka, Chattogram, Sylhet and Mymensingh.
2. Accommodation buildings rented for the use of transit employees.
3. Office buildings rented for the use of official work.

7 Intangible assets

30 June 2022

Particulars	COST			AMORTIZATION			Amount in Taka		
	Balance as at 01 Jan 2022	Addition during the period	Sale/disposal during the period	Balance as at 30 June 2022	Balance as at 01 Jan 2022	Amortized during the period	Adjustment during the period	Balance as at 30 June 2022	Net book value as at 30 June 2022
License	22,692,876	-	-	22,692,876	22,381,800	112,102	-	22,493,902	198,974
Computer Software	12,064,380	-	-	12,064,380	10,349,701	593,086	-	10,942,787	1,121,593
Total	34,757,256	-	-	34,757,256	32,731,501	705,188	-	33,436,690	1,320,567

31 Dec 2021

Particulars	COST			AMORTIZATION			Amount in Taka		
	Balance as at 01 Jan 2021	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2021	Balance as at 01 Jan 2021	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2021	Net book value as at 31 Dec 2021
License	22,692,876	-	-	22,692,876	22,091,943	289,857	-	22,381,800	311,076
Computer Software	11,614,380	450,000	-	12,064,380	9,082,956	1,266,745	-	10,349,701	1,714,679
Total	34,307,256	450,000	-	34,757,256	31,174,899	1,556,602	-	32,731,501	2,025,755

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>Taka</u>	<u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	17,713,837	56,636,694
Add: Addition during the period (note 8.1)	130,712,811	96,626,942
	<u>148,426,648</u>	<u>153,263,636</u>
Less: Transfer to property, plant & equipment and investment Property (note 8.2)	54,176,060	135,549,799
Balance as at 30 June	<u>94,250,588</u>	<u>17,713,837</u>
8.1 Addition during the period		
Building	7,855,435	24,938,333
Plant & machinery	122,653,033	61,065,396
Others	204,343	10,623,213
	<u>130,712,811</u>	<u>96,626,942</u>
8.2 Items transferred from capital work in progress to property, plant & equipment		
Building	6,296,351	27,243,865
Plant & machinery	47,675,366	97,667,721
Others	204,343	10,638,213
	<u>54,176,060</u>	<u>135,549,799</u>
9 Inventories		
Raw materials	1,416,661,903	1,330,068,854
Less : Provision for slow moving & obsolete inventories	19,825,849	17,729,507
	<u>1,396,836,054</u>	<u>1,312,339,347</u>
Stores and consumables spares and packing	927,683,547	896,238,370
Less: Write off for stores and spares	22,654,062	53,019,381
	<u>905,029,485</u>	<u>843,218,989</u>
Finished goods (net of net realizable value adjustment)	822,927,271	584,786,606
Less : Provision for slow moving & obsolete inventories	13,879,370	15,720,612
	<u>809,047,900</u>	<u>569,065,994</u>
Work-in-process	63,067,575	59,359,055
Goods-in-transit	459,240,561	205,812,555
	<u>3,633,221,575</u>	<u>2,989,795,940</u>

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>Taka</u>	<u>Taka</u>
10 Trade and other receivables		
Trade receivables (Note 10.1)	1,359,451,519	1,220,402,229
	<u>1,359,451,519</u>	<u>1,220,402,229</u>
Accrued interest (Note 10.2)	4,431,951	6,554,976
Other receivable	-	48,844
	<u>1,363,883,470</u>	<u>1,227,006,049</u>
10.1 Trade receivables		
Receivables from local sales	1,366,132,451	1,229,557,415
Receivables from export sales	2,494,802	-
	<u>1,368,627,253</u>	<u>1,229,557,415</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	2,589,423	2,581,204
Related parties	6,586,311	6,573,982
	<u>1,359,451,519</u>	<u>1,220,402,229</u>
10.2 Accrued interest		
Interest accrued on Fixed Deposit Receipt	4,431,951	6,554,976
	<u>4,431,951</u>	<u>6,554,976</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	780,492	298,000
Purchase of land and others	31,756,314	10,017,270
Suppliers against materials and services	187,225,943	68,049,896
	<u>219,762,749</u>	<u>78,365,166</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)	2,184,087	2,191,784
Deposited with income tax authority	79,320,962	79,320,962
Deposited with VAT authority	58,361,240	58,361,240
Display center and others	2,372,000	2,372,000
Other deposits	1,494,626	1,494,626
	<u>215,440,365</u>	<u>215,448,062</u>
Prepayments:		
Insurance and others	29,806,266	17,879,771
	<u>465,009,380</u>	<u>311,692,999</u>

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	<u>Taka</u>	<u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	2,191,784	7,417,931
Add: Treasury deposit for SD & VAT purpose	4,490,192	9,533,102
	<u>6,681,976</u>	<u>16,951,033</u>
Less: SD & VAT on sales	4,497,889	14,759,249
Balance as at 30 June	<u>2,184,087</u>	<u>2,191,784</u>

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

12 Advance Income Tax

Balance as at 1 January	3,865,788,064	3,588,659,675
Add: Paid during the period	110,775,096	277,128,389
Balance as at 30 June (Note - 12.1)	<u>3,976,563,160</u>	<u>3,865,788,064</u>

12.1 Payment for the year

Income year

Current period	95,775,095	-
Year 2021	270,174,595	255,174,594
Year 2020	130,950,084	130,950,084
Year 2019	280,949,748	280,949,748
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	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>3,976,563,160</u>	<u>3,865,788,064</u>

	<u>30 June 2022</u>	<u>31 Dec 2021</u>
	Taka	Taka
13 Cash and cash equivalents		
Cash in hand	4,737,083	2,606,103
Cash at banks		
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	72,940,238	98,519,046
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	2,287,404	15,126,914
Citibank N.A. (current account - G0100001200262018 - BDT)	143,679	149,989
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	1,233,520	1,628,655
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	3,151,709	4,648,910
Standard Chartered Bank (Margin money account)	5,287,775	16,608,637
United Commercial Bank Ltd. (SND account - 0831301000000164 BDT)	2,929,378	31,825,028
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	54,291	54,866
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	41,630,684	141,614,772
Prime Bank Ltd. (SND - 12531010022563 - BDT)	5,805,173	13,135,435
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	805,277	587,252
Dhaka Bank Ltd (SND - 102.150.274- BDT))	14,958,109	27,682,861
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	-	5,739
Dhaka Bank Ltd (CD - 204100000019318- BDT))	340,951	1,241,296
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	13,691,051	60,071,855
Commercial Bank of Ceylon (ERQ-1806012366 - USD.)	2,278,150	4,308,029
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	12,358,487	24,494,840
Midland Bank Ltd. (SND 0006-1070000015, 0006-1060000043 - BDT)	355,188,103	171,763,920
Eastern Bank Ltd. (SND account - 1041360507944 - BDT)	44,922,713	71,777,074
Eastern Bank Ltd. (Margin Money account)	6,633,850	4,681,650
Commercial Bank of Ceylon (Margin Money account)	-	53,212
	<u>586,640,542</u>	<u>689,979,980</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,689,328	1,685,806
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>5,889,034</u>	<u>5,885,512</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,833,011	2,848,356
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	1,096,921	1,112,266
SCB (SND - 02-6162940-02- BDT) - 2012	176,692	180,227
SCB (SND - 02-6162940-03- BDT) - 2013	321,874	337,376
SCB (SND - 02-6162940-04- BDT) - 2014	287	3,862
SCB (SND - 02-6162940-05- BDT) - 2015	41,015	44,581
SCB (SND - 02-6162940-06- BDT) - 2016	7,743	11,317
SCB (SND - 02-6162940-07- BDT) - 2017	1,708	5,283
SCB (SND - 02-6162940-08- BDT) - 2018	72	1,925,267
SCB (SND - 02-6162940-09- BDT) - 2019	6,123,343	6,576,189
SCB (SND - 02-6162940-10- BDT) - 2020	3,288,213	3,630,950
SCB (SND - 02-6162940-11- BDT) - 2021	3,243,035	-
	<u>17,133,914</u>	<u>16,675,674</u>
Investment in Fixed Deposit Receipt (FDR)		
SCB	762,080	762,080
BRAC Bank Ltd.	-	50,000,000
Dutch Bangla Bank Ltd.	100,000,000	400,000,000
Eastern Bank Ltd.	505,745,315	505,745,315
Dhaka Bank Ltd.	400,000,000	550,000,000
Commercial bank of Ceylon	5,000,000	55,000,000
	<u>1,011,507,395</u>	<u>1,561,507,395</u>
	<u>1,625,907,968</u>	<u>2,276,654,664</u>

	30 June 2022		31 Dec 2021	
	Taka		Taka	
14 Share Capital				
Authorised :				
600,000,000 ordinary shares of Taka 10/- each		6,000,000,000		6,000,000,000
Issued, subscribed, called and paid up :				
427,968,701 ordinary shares of Taka 10/- each		4,279,687,010		4,279,687,010
Percentage of shareholdings :				
	30 June 2022		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
	100.00	4,279,687,010	100.00	4,279,687,010

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

Mr. SAK Ekramuzzaman pledged 14,670,215 no of shares out of his total holding of 16,895,824 no of shares.

Classification of shareholders by holding

Shareholders' range	Number of shareholders		Number of shares	
	30 June 2022	31 Dec 2021	30 June 2022	31 Dec 2021
01-499 shares	16,926	16,571	3,987,058	4,007,328
500 to 5,000 shares	7,007	6,107	11,430,863	9,667,706
5001 to 10,000 shares	816	645	6,138,068	4,753,914
10,001 to 20,000 shares	466	351	6,955,612	5,125,053
20,001 to 30,000 shares	146	116	3,615,663	2,852,640
30,001 to 40,000 shares	69	64	2,486,228	2,260,040
40,001 to 50,000 shares	55	38	2,549,681	1,763,948
50,001 to 100,000 shares	110	73	7,991,365	5,366,610
100,001 to 1,000,000 shares	103	90	26,450,192	28,132,218
1,000,001 to 1,000,000,000 Shares	16	17	356,363,971	364,039,244
	25,714	24,072	427,968,701	427,968,701

15 Share premium

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

No. of shares	Share premium (per share)	30 June 2022 Taka	31 Dec 2021 Taka
10,000,000	30	300,000,000	300,000,000
34,510,000	38	1,311,380,000	1,311,380,000
		1,611,380,000	1,611,380,000
Less : Share issue expenses		137,732,021	137,732,021
		1,473,647,979	1,473,647,979

16 Retained earnings (Reserve and surplus)

Balance as on 1 January	1,747,192,779	1,269,975,797
Add : Profit during the period	430,455,973	905,185,683
	2,177,648,752	2,175,161,480
Less: Dividend declared during the period	(534,960,876)	(427,968,701)
Balance as on 30 June	1,642,687,876	1,747,192,779

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

	30 June 2022 Taka	31 Dec 2021 Taka
17 Deferred tax liabilities		
Balance as at 1 January	139,829,250	191,761,301
Less : Deferred tax (income)/expenses	<u>(18,118,413)</u>	<u>(51,932,051)</u>
Balance as at 30 June	<u>121,710,838</u>	<u>139,829,250</u>

	Carrying amount on the date of statement of financial position Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
As at 30 June 2022			
Property, plant and equipment (Excluding land and others)	2,280,747,659	1,692,100,255	588,647,404
Trade receivable	1,368,689,965	1,377,865,699	(9,175,734)
Inventories	3,578,313,963	3,637,033,767	(58,719,804)
Right of use assets	19,443,345	-	19,443,345
Lease liability	(12,848,274)	-	(12,848,274)
Net taxable temporary difference			<u>527,346,937</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>121,710,838</u>

As at 31 December 2021			
Property, plant and equipment (Excluding land and others)	2,410,027,994	1,750,469,029	659,558,965
Trade receivable	1,226,424,016	1,235,579,202	(9,155,186)
Inventories	2,945,904,573	3,001,580,552	(55,675,979)
Right of use assets	13,852,546	-	13,852,546
Lease liability	(9,714,554)	-	(9,714,554)
Net taxable temporary difference			<u>598,865,791</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>139,829,250</u>

18 Employees benefits payable

Provident fund	15,591,578	-
Gratuity fund	<u>11,762,799</u>	<u>-</u>
	<u>27,354,377</u>	<u>-</u>

	30 June 2022		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	<u>38,072,626</u>	<u>21,184,038</u>	<u>59,256,664</u>
	38,072,626	21,184,038	59,256,664
Less: Payments made to fund during the period	<u>22,481,048</u>	<u>9,421,239</u>	<u>31,902,287</u>
Balance as at 30 June	<u>15,591,578</u>	<u>11,762,799</u>	<u>27,354,377</u>

Forfeited amount of provident fund amounting to BDT. 667,922 for the period 2022 has been adjusted with provision and payment.

	31 Dec 2021		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	<u>67,435,963</u>	<u>38,368,823</u>	<u>105,804,785</u>
	67,435,963	38,368,823	105,804,785
Less: Payments made to fund during the year	<u>67,435,963</u>	<u>38,368,823</u>	<u>105,804,785</u>
Balance as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>

Forfeited amount of provident fund amounting to BDT. 1,195,599 for the year 2021 has been adjusted with provision and payment.

19 Borrowings

Short-term borrowings	447,085,069	430,408,117
Balance as at 30 June	<u>447,085,069</u>	<u>430,408,117</u>

19.1 Borrowings by maturity

At 30 June 2022	30 June 2022			
	< 1 year	1-2 years	2-5 years	Total
Short-term borrowings	447,085,069	-	-	447,085,069
	<u>447,085,069</u>	<u>-</u>	<u>-</u>	<u>447,085,069</u>
At 31 December 2021	31 Dec 2021			
Short-term borrowings	430,408,117	-	-	430,408,117
	<u>430,408,117</u>	<u>-</u>	<u>-</u>	<u>430,408,117</u>

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL
SCB	Overdraft	50,000,000	-	Revolving	From company's own source	1) Corporate guarantee, 2) Hypothecation over stock & book debts on a parri-passu basis with other lenders. 3) Demand promissory note.
	Short term loan	500,000,000	158,073,090	180/360 days from B/L date		
Eastern Bank Ltd.	Overdraft	30,000,000	-	Revolving	From company's own source	
	Short term loan	425,000,000	198,967,249	180/360 days from B/L date		
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source	
	Short term loan	90,000,000	-	180/360 days from B/L date		
Commercial Bank of Ceylon	Overdraft	35,000,000	-	Revolving	From company's own source	
	Short term loan	550,000,000	90,044,730	180/360 days from B/L date		

30 June 2022 **31 Dec 2021**
Taka **Taka**

20 Lease liability

Non-current:		
Lease liability	12,848,274	9,714,554
Less : Current portion of lease liability	<u>4,367,484</u>	<u>4,809,657</u>
	8,480,790	4,904,896
Current:		
Current portion of lease liability	<u>4,367,484</u>	<u>4,809,657</u>

Lease liability schedule

Particulars	Balance as on 01 January 2022	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 30 June 2022
Display center	8,959,184	5,767,411	2,695,884	426,789	2,269,095	12,457,500
Accommodation Building	755,370	-	391,579	26,983	364,596	390,774
	<u>9,714,554</u>	<u>5,767,411</u>	<u>3,087,463</u>	<u>453,772</u>	<u>2,633,691</u>	<u>12,848,274</u>

31 December 2021

Lease liability schedule

Particulars	Balance as on 01 January 2021	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2021
Display center	13,054,447	113,255	5,291,767	1,083,249	4,208,518	8,959,184
Accommodation Building	742,131	729,106	783,158	67,291	715,867	755,370
	<u>13,796,578</u>	<u>842,361</u>	<u>6,074,925</u>	<u>1,150,540</u>	<u>4,924,385</u>	<u>9,714,554</u>

21 Trade and other payables

Trade payables

Payable to local suppliers	139,465,561	185,069,082
Payable to foreign suppliers	617,119,244	306,722,614
Payable to service provider	60,585,325	68,742,282
Payable to C & F agent	<u>110,918,409</u>	<u>49,038,384</u>
	928,088,539	609,572,362

Other payables

Tax deducted at source	20,540,765	24,500,151
Tax deducted at source on remuneration (Note-23.1)	4,670,131	8,807,367
Tax deducted at source on incentive and bonus (Note-23)	-	4,603,182
VAT deducted at source	9,918,225	10,541,119
VAT and Supplementary duty payable (Note-21.1)	38,341,051	117,438,944
Unclaimed share application	20,061,956	20,061,956
Advance from customer against sales	10,705,984	9,745,981
Security deposit payable	2,069,407	2,018,224
Payable to employees	1,957,120	1,823,489
Payable to customer against claim	15,462,504	13,735,760
Provisional liabilities - material & services	<u>93,949,281</u>	<u>62,236,279</u>
	217,676,424	275,512,452
	1,145,764,963	885,084,814

						30 June 2022	31 Dec 2021
						Taka	Taka
21.1 VAT and Supplementary duty (SD) payable							
Opening Balance						117,438,944	139,511,697
Add: VAT and Supplementary duty on sales						<u>1,275,764,142</u>	<u>2,324,239,441</u>
						<u>1,393,203,086</u>	<u>2,463,751,139</u>
Less: Treasury deposit for SD & VAT purpose						921,993,489	1,510,551,448
Rebate of input VAT						<u>432,868,546</u>	<u>835,760,747</u>
Balance as at 30 June						<u>1,354,862,035</u>	<u>2,346,312,194</u>
						<u>38,341,051</u>	<u>117,438,944</u>
22 Unclaimed Dividend Payable						12,206,341	11,764,448
Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 30 June 2022	Fund Transferred to CMSF	Undistributed fund (BDT) as on 30 June 2022	
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425	-	
2011	379,621,275	65,382,545	314,238,730	306,565,331	7,673,399	-	
2012	417,583,403	27,344,749	390,238,653	386,535,373	3,703,280	-	
2013	459,341,744	30,693,245	428,648,499	426,108,408	2,540,090	-	
2014	842,126,528	60,654,665	781,471,863	776,464,072	5,007,791	-	
2015	842,126,528	61,659,449	780,467,078	776,773,479	3,693,599	-	
2016	673,701,222	48,745,089	624,956,133	620,752,883	4,203,250	-	
2017	353,693,141	27,276,252	326,416,889	324,757,456	1,659,433	-	
2018	389,062,456	29,888,903	359,173,553	357,227,075	1,946,478	-	
2019	641,953,052	49,029,624	592,923,428	586,790,568	-	6,132,859	
2020	427,968,701	32,747,652	395,221,049	392,290,412	-	2,930,637	
2021	534,960,876	39,123,334	495,837,543	492,694,698	-	3,142,845	
	<u>6,307,249,174</u>	<u>532,743,804</u>	<u>5,774,505,370</u>	<u>5,721,217,283</u>	<u>41,081,745</u>	<u>12,206,341</u>	
23 Accrued expenses							
Power and gas						44,288,336	42,359,243
Staff cost						128,875,369	132,239,271
Dealer's incentive and bonus						14,210,403	41,428,638
Audit fees						965,000	1,555,000
Professional charges						800,903	1,045,000
Interest on loans						2,956,975	2,440,939
Telephone						206,203	205,976
Freight bill						9,303,921	676,640
Business promotion and advertisement						20,719,209	19,209,107
Hiring heavy equipment						160,994	1,506,239
Managing Director's remuneration (Note 23.1)						14,010,392	26,422,103
Worker's profit participation and welfare fund (Note 23.2)						29,651,623	55,919,793
Royalty and technical know-how fees (Note 23.3)						452,956,530	407,974,519
Others						<u>31,510,641</u>	<u>25,229,974</u>
						<u>750,616,499</u>	<u>758,212,444</u>
23.1 Managing Director's remuneration							
Balance as at 1 January						26,422,103	10,062,153
Add: Payable to Managing Director for the period						<u>18,680,523</u>	<u>35,229,470</u>
						45,102,626	45,291,623
Less: Tax deducted at source during the period						4,670,131	8,807,367
Less: Paid to Managing Director during the period						<u>26,422,103</u>	<u>10,062,153</u>
Balance as at 30 June						<u>14,010,392</u>	<u>26,422,103</u>
23.2 Worker's profit participation and welfare fund							
Balance as at 1 January						55,919,793	22,816,672
Add: Contribution made to the fund during the period						<u>29,651,623</u>	<u>55,919,793</u>
						85,571,416	78,736,465
Less: Payment made from the fund during the period						<u>55,919,793</u>	<u>22,816,672</u>
Balance as at 30 June						<u>29,651,623</u>	<u>55,919,793</u>
23.3 Provision for royalty and technical know-how fees							
Balance as at 1 January						407,974,519	317,433,528
Add: Provision made during the period						<u>44,982,011</u>	<u>90,540,991</u>
						452,956,530	407,974,519
Less: Payment made during the period						-	-
Balance as at 30 June						<u>452,956,530</u>	<u>407,974,519</u>
24 Provision for Income Tax							
Balance as at 1 January						4,272,115,156	3,971,266,511
Add: Provision made during the period						<u>164,504,125</u>	<u>300,848,645</u>
Balance as at 30 June (Note 24.1)						<u>4,436,619,281</u>	<u>4,272,115,156</u>
24.1 Provision for income Tax							
Income year							
Current period						164,504,125	
Year 2021						300,848,645	300,848,645
Year 2020						137,014,355	137,014,355
Year 2019						296,420,303	296,420,303
Year 2018						316,355,666	316,355,666
Year 2017						346,089,883	346,089,883
Year 2016						302,798,649	302,798,649
Year 2015						323,397,728	323,397,728
Year 2014						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						<u>80,163,573</u>	<u>80,163,573</u>
						<u>4,436,619,281</u>	<u>4,272,115,156</u>

	30 June 2022	30 June 2021	April to June 2022	April to June 2021
	Taka	Taka	Taka	Taka
25 Sales				
Gross sales from Ceramics product	5,412,835,159	4,687,215,627	2,544,689,335	2,219,209,815
Gross sales from Power generation	220,389,464	214,585,107	108,283,149	109,044,401
Gross sales from Security service	47,534,738	40,076,562	25,651,905	19,071,535
	5,680,859,361	4,941,877,296	2,678,624,389	2,347,325,751
Less: Elimination	214,185,967	205,093,756	106,450,800	104,547,489
Supplementary Duty	540,387,875	483,194,369	252,159,300	226,938,488
VAT	739,874,155	645,484,290	348,875,592	306,486,827
Discount	7,792,452	3,823,280	4,612,152	3,417,477
Commission, incentive and bonus	375,593,009	335,580,662	170,038,539	170,950,862
Net sales	3,803,025,903	3,268,700,939	1,796,488,007	1,534,984,608
26 Cost of sales				
Materials consumed:				
Opening Inventory as at 1 January	1,312,339,347	562,104,748	1,096,113,680	605,208,008
Add: Purchase during the period	1,710,439,565	1,381,455,570	1,071,580,047	759,428,224
	3,022,778,912	1,943,560,318	2,167,693,727	1,364,636,232
Less: Closing Inventory as at 30 June	1,396,836,054	728,580,180	1,396,836,054	728,580,180
	1,625,942,858	1,214,980,138	770,857,673	636,056,052
Manufacturing overhead:				
Direct labour (note 26.1)	349,936,950	325,285,820	169,521,947	164,751,752
Direct expenses:				
Power and gas	176,574,636	160,945,947	84,639,738	76,553,624
Repairs and indirect materials (note 26.2)	477,803,446	356,021,654	236,464,652	182,202,911
Depreciation on property, plant & equipment (note 5.2)	198,349,326	210,781,766	99,055,980	105,765,343
Royalty and technical know-how/assistance fees *	44,982,011	43,143,876	18,411,845	19,946,475
Other production overhead (note 26.3)	43,905,621	34,782,301	24,295,214	18,100,403
Provision for slow moving & obsolete inventories (note 9)**	255,100	(518,572)	865,492	(1,308,843)
Movement in stock	(242,828,419)	(53,012,222)	(134,613,174)	(125,154,581)
	2,674,921,529	2,292,410,708	1,269,499,367	1,076,913,136
26.1 Direct labour				
Salary & wages	234,888,481	210,294,825	116,235,285	101,913,808
Overtime	26,011,763	21,542,347	14,650,317	13,318,011
Bonus	21,517,647	31,962,149	3,049,935	17,549,687
Incentive	32,498	42,682	-	-
Temporary labour wages	33,032,064	30,596,888	18,717,603	16,009,989
Staff uniform expenses	612,801	405,176	265,125	124,356
Gratuity	14,927,900	13,468,067	7,295,793	7,197,990
Employer's contribution to provident fund	12,973,562	11,807,862	6,350,840	6,286,074
Leave encashment	4,178,732	3,820,203	2,005,200	2,123,581
Group life Insurance	1,583,966	1,176,184	774,313	228,256
Compensation	177,536	169,437	177,536	-
	349,936,950	325,285,820	169,521,947	164,751,752
26.2 Repairs and indirect materials				
Stores, spares, repair & maintenance	253,454,516	185,640,213	121,589,785	95,689,015
Packing expenses	224,348,930	170,381,441	114,874,867	86,513,896
	477,803,446	356,021,654	236,464,652	182,202,911
26.3 Other production overhead				
Tour and travel expenses	1,112,007	558,506	839,697	306,544
Demurrage	1,342,345	287,372	632,600	149,905
Insurance	13,200,298	13,328,431	6,412,547	6,768,349
Hiring charges and transportation	3,313,869	2,452,146	979,650	1,281,955
Write off for stores and spares	22,654,062	15,413,375	14,506,586	7,706,687
Other expenses	2,283,040	2,742,471	924,134	1,886,963
	43,905,621	34,782,301	24,295,214	18,100,403
*Royalty has been calculated 8% on business profit as per Finance Act 2020.				
27 Other income				
Dividend income	100	50	-	-
Profit on sale of fixed assets (note 5.3)	-	1,547,431	-	1,547,431
	100	1,547,481	-	1,547,431

	30 June 2022	30 June 2021	April to June 2022	April to June 2021
	Taka	Taka	Taka	Taka
28 Administrative expenses				
Staff cost (note 28.2)	98,799,287	93,448,169	48,633,852	45,128,450
Annual General Meeting expenses	1,386,866	1,296,500	625,366	382,500
Telephone and postage	5,864,902	2,959,145	3,585,589	1,689,272
Office repair and maintenance (note 28.3)	4,249,925	5,605,856	1,879,036	3,001,220
Registration and renewal	593,966	1,007,103	372,080	913,018
Security and guard expenses	85,212	77,466	42,806	38,733
Electricity, gas and water	3,619,519	3,588,967	2,055,217	2,657,586
Depreciation on property, plant & equipment (note 5.2.1)	15,194,483	14,723,369	7,753,674	7,329,862
Depreciation on investment property (note 5.2.1)	110,047	110,047	55,328	55,328
Depreciation on right of use assets (note 6.1)	356,748	338,697	178,373	169,349
Amortization (note 7)	705,188	754,054	323,340	379,110
Legal and professional fees	6,882,117	5,708,621	4,059,558	2,844,692
Vehicle repair and maintenance	7,844,173	5,440,504	4,792,865	2,432,070
Rent, rate and tax	2,703,556	2,431,129	711,313	639,075
Loss on retirement of assets (note 5.3)	1,663,221	-	1,388,964	-
IT expenses	1,441,183	2,201,462	885,654	1,202,971
General Service	2,489,552	2,578,955	1,231,359	1,403,917
Donation	1,938,371	620,000	1,273,115	200,000
Managing Director's remuneration (note 28.4)	18,680,523	17,225,837	7,170,381	7,675,707
Others	6,653,958	2,640,755	3,134,830	1,165,729
	181,262,797	162,756,636	90,152,500	79,308,589
28.1 Impairment loss on trade receivables				
Unrelated parties	8,219	85,409	8,219	54,699
Related parties	12,329	199,287	9,566	149,182
	20,548	284,696	17,785	203,881
New classification of financial assets shown in note 36.1(b) as per IFRS 9.				
28.2 Staff cost				
Salary & wages	69,686,858	63,698,027	34,216,616	30,235,001
Bonus	5,854,607	9,506,082	458,824	4,859,184
Incentive	362,941	224,885	178,049	83,745
Gratuity	4,183,591	3,791,492	2,047,057	1,938,775
Employer's contribution to provident fund	3,826,231	3,481,943	1,881,376	1,786,754
Leave encashment	1,192,713	1,079,661	570,804	554,298
Group life insurance	417,164	350,428	199,007	129,116
Canteen and conveyance expenses	9,151,966	4,858,611	6,307,948	2,506,678
Staff uniform expenses	1,542,900	2,139,575	729,858	222,056
Travelling expenses	1,508,057	1,341,809	1,406,737	248,861
Compensation	246,184	1,526,707	246,184	1,526,707
Medical expenses	272,478	919,579	33,014	708,532
Accommodation expenses	553,597	411,525	417,295	269,420
Other employee benefit	-	117,845	(58,917)	58,923
	98,799,287	93,448,169	48,633,852	45,128,450
28.3 Office repair & maintenance				
Repairs office equipment	1,204,716	297,287	60,263	16,880
Office maintenance	3,045,209	5,308,569	1,818,773	2,984,340
	4,249,925	5,605,856	1,879,036	3,001,220
28.4 Managing Director's remuneration				
Provision made during the period	18,680,523	17,225,837	7,170,381	7,675,707
	18,680,523	17,225,837	7,170,381	7,675,707
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.				
29 Marketing & selling expenses				
Staff cost (note 29.1)	51,482,097	44,368,251	25,653,495	21,533,837
Advertisement	5,417,791	5,642,462	3,577,158	3,505,119
Freight and transportation	171,196,832	154,383,039	86,768,032	74,210,700
Compensation to customers	5,435,462	1,529,133	2,280,906	778,580
Business promotion	50,722,450	32,361,330	17,310,262	14,077,040
Depreciation on property, plant & equipment (note 5.2)	3,199,948	2,650,279	1,642,195	1,334,490
Depreciation on right of use assets (note 6.1)	3,819,865	3,651,453	1,955,152	1,825,727
Showroom, office & house rent	711,272	1,002,100	359,386	589,970
Sample expenses	8,983,347	7,440,318	3,972,063	3,577,903
Tour, travel and others	5,466,796	2,419,636	3,142,871	960,611
	306,435,860	255,448,001	146,661,520	122,393,976
29.1 Staff cost				
Salary & wages	31,972,981	26,396,875	16,347,225	13,084,634
Bonus	2,506,131	3,643,438	199,157	2,177,858
Incentive	7,141,566	5,792,161	4,283,225	2,033,135
Gratuity	2,072,546	1,733,607	1,062,639	958,643
Employer's contribution to provident fund	1,902,559	1,589,471	1,009,496	879,154
Leave Encashment	613,932	513,845	312,805	283,962
Group life insurance	201,565	143,331	100,289	44,280
Conveyance & food expenses	5,012,472	4,435,011	2,280,314	2,072,171
Staff uniform expenses	58,345	120,512	58,345	-
	51,482,097	44,368,251	25,653,495	21,533,837

	30 June 2022	30 June 2021	April to June 2022	April to June 2021
	Taka	Taka	Taka	Taka
29.2 Salary & wages under staff cost (note no. 26.1, 28.2 & 29.1) includes employee contribution to provident fund for BDT. 12,973,562, BDT. 3,826,231 & BDT. 1,902,559.				
30 Finance income				
Interest on bank account (SND)	4,730,633	4,251,430	3,262,412	2,109,441
Interest on fixed deposits	26,354,262	17,121,913	11,946,163	7,891,293
Foreign exchange gain	-	1,228,118	-	(71,426)
	31,084,895	22,601,461	15,208,575	9,929,308
31 Finance expenses				
Interest expenses against loan	6,794,728	836,990	4,165,279	151,739
Interest expenses against lease liability	453,772	618,877	234,332	295,301
Foreign exchange loss	56,615,256	-	47,511,602	-
Bank charges	1,112,989	840,971	640,187	293,064
	64,976,745	2,296,838	52,551,400	740,104
32 Contribution to worker's profit participation and welfare fund				
Provision made during the period	29,651,623	27,342,599	11,381,557	12,183,663
	29,651,623	27,342,599	11,381,557	12,183,663
33 Income tax expenses				
Accounting profit (PBT as per individual company)	622,841,597	574,810,301	241,432,451	254,717,998
Add: Inadmissible depreciation allowance for separate consideration: Accounting Depreciation of Fixed Assets	216,853,804	228,265,461	108,507,176	114,485,024
	839,695,401	803,075,762	349,939,627	369,203,022
Add: Inadmissible expenses / allowances as per ITO, 1984:				
Business promotion expenses	23,182,211	8,736,151	4,363,573	8,736,151
Royalty expenses	268,011	113,965	11,208	(6,969)
Sample expenses	3,314,773	2,601,092	1,446,635	1,445,926
Amortization expenses	660,558	754,054	300,902	379,110
Depreciation on Right of Use Assets (ROUA)	4,176,612	3,990,150	2,133,525	1,995,074
Interest on lease liability	453,772	618,877	234,332	618,877
Provision for slow moving inventories	255,100	14,894,804	255,100	6,397,844
NRV Provision on inventories	2,788,724	-	2,788,724	-
	35,099,761	31,709,093	11,533,998	19,566,015
	874,795,162	834,784,855	361,473,626	388,769,037
Deduct: Tax base depreciation of Fixed Assets (as per 3rd Schedule of ITO,1984):	(140,900,724)	(155,837,652)	(73,047,455)	(67,706,646)
Admissible expenses as per ITO,1984:				
Rent expenses	(5,730,510)	(5,720,192)	(2,894,005)	(5,720,192)
Deduct: Dividend Income	45,949,800	22,479,900	-	-
Taxable profit	682,214,128	650,747,111	285,532,166	315,342,199
Applicable tax rate for individual company				
On Business Income		As per applicable tax rate for individual company		
On Dividend Income	20%	20%	20%	20%
Tax expenses as per applicable tax rate for individual company :				
Business Income	155,304,145	148,880,125	64,609,261	63,585,523
Dividend Income	9,199,980	4,499,980	-	-
Current Tax Liability	164,504,125	153,380,106	64,609,261	63,585,523
34 Reconciliation of effective tax rate				
		30 June 2022		30 June 2021
		Taka		Taka
Profit before tax	%	576,841,796	%	552,310,403
Current tax expenses	28.52%	164,504,125	27.77%	153,380,106
Deferred tax expenses	-3.14%	(18,118,413)	-6.63%	(36,633,491)
Total tax expenses	25.38%	146,385,713	21.14%	116,746,615
Expected income tax using applicable tax rate for individual company	24.56%	141,649,903	23.79%	131,397,598
Tax on non-deductible expenses	4.0%	22,854,223	4.0%	21,982,518
Effective current tax	28.52%	164,504,125	27.77%	153,380,106
Effective deferred tax	-3.14%	(18,118,413)	-6.63%	(36,633,491)
	25.38%	146,385,713	21.14%	116,746,615
35 Short term lease expenses				
		30 June 2022		30 June 2021
		Taka		Taka
Nature of the lease	Lease term	Allocation	April to June 2022	April to June 2021
Rented accommodation	<1 year	Admin	Taka	Taka
			Rent Payment	Rent Payment
			78,000	39,000
			78,000	713,275
			78,000	752,275
			39,000	713,275

36 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

36.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD		Amounts in Taka	
	As at 30 June 2022	As at 31 Dec 2021	As at 30 June 2022	As at 31 Dec 2021
Trade receivables				
Customer-Local	-	-	1,356,956,717	1,220,402,229
Customer-Export	29,009	-	2,494,802	-
	<u>29,009</u>	<u>-</u>	<u>1,359,451,519</u>	<u>1,220,402,229</u>
Other receivables				
Accrued Interest			4,431,951	6,554,976
Others			-	48,844
			<u>4,431,951</u>	<u>6,603,820</u>
Cash equivalents			<u>1,621,170,886</u>	<u>2,274,048,561</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 June 2022.

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	700,898,730	698,309,307	2,589,423
Trade receivable-related	10.1	Loan & receivable	Amortized cost	667,728,523	661,142,212	6,586,311
Cash & cash equivalent	13	Loan & receivable	Amortized cost	1,621,170,886	1,621,170,886	-

- i The above table provides information ECLs till date. Impairment provision till Dec 2021 was Tk. 9,155,186 and provision made during the period is Tk. 20,548.
- ii Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these receivables was recognised in the current period on transition to IFRS 9.
- iii Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these cash & cash equivalent was recognised in the current period on transition to IFRS 9.
- iv Impairment loss allowance has not been considered on other receivables and bank balances because business is confident to recover the full amount from the party.

c) Ageing of receivables

The ageing of trade receivables as at 30 June was:

	Amounts in Taka	
	As at 30 June 2022	As at 31 Dec 2021
Not past due	1,207,115,229	1,149,687,410
0-90 days past due	104,924,670	34,881,457
91-180 days past due	26,918,995	27,869,771
181-365 days past due	19,405,821	5,342,346
over 365 days past due	1,086,805	2,621,245
	<u>1,359,451,519</u>	<u>1,220,402,229</u>

36.2 Liquidity risk

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

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

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

	As at 30 June 2022			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	1,145,764,963	1,145,764,963	1,145,764,963	-
Short term borrowing	447,085,069	447,085,069	447,085,069	-
	1,592,850,032	1,592,850,032	1,592,850,032	-

	As at 31 Dec 2021			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	885,084,814	885,084,814	885,084,814	-
Short term borrowing	430,408,117	430,408,117	430,408,117	-
	1,315,492,931	1,315,492,931	1,315,492,931	-

36.3 Market risk

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

a) Currency risk

The Company is exposed to currency risk on certain revenues and purchase of raw material, spare parts, accessories and capital item. Majority of the company's foreign currency purchase are denominated in USD and EURO. All the export proceeds are receipt in USD, 15% of export proceeds are crediting to export retention quota account and rest of the 85% are converted to Taka and crediting to company's current account.

i Exposure to currency risk

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

	As at 30 June 2022					As at 31 Dec 2021				
	AED	GBP	USD	EURO	JPY	AED	GBP	USD	EURO	
Foreign currency denominated assets	-	-	29,009	-	-	-	-	-	-	
Receivable from customers-Export	-	-	57,611	-	-	-	-	105,562	-	
Cash at bank	-	-	86,621	-	-	-	-	105,562	-	

	As at 30 June 2022					As at 31 Dec 2021			
	AED	GBP	USD	EURO	JPY	AED	GBP	USD	EURO
Foreign currency denominated liabilities									
Trade payables	12,000	305,457	5,284,671	822,423	-	60,550	249,274	2,840,637	322,266
Short term borrowings	-	-	4,693,807	-	-	-	-	5,013,490	-
Royalty & Technical Fees	-	-	4,755,449	-	-	-	-	4,752,178	-
	12,000	305,457	14,733,927	822,423	-	60,550	249,274	12,606,305	322,266
Net exposure	(12,000)	(305,457)	(14,647,306)	(822,423)	-	(60,550)	(249,274)	(12,500,743)	(322,266)

The Company has foreign exchange loss of Tk 56,615,256 during the period ended 30 June 2022 (30 June 2021: Exchange gain Tk 1,228,118).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	30 June 2022	31 Dec 2021
	Taka	Taka
AED	25.3714	23.2942
GBP	113.3105	115.4990
USD	94.7500	85.3500
EURO	97.8518	97.0488
JPY	0.6819	0.7438

Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	As at 30 June 2022		As at 31 Dec 2021	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 June				
AED (3 percent movement)	(371)	350	(1,873)	1,764
GBP (3 percent movement)	(9,447)	8,897	(7,710)	7,260
USD (3 percent movement)	(453,009)	426,621	(386,621)	364,099
EURO (3 percent movement)	(25,436)	23,954	(9,967)	9,386
JPY (3 percent movement)	-	-	-	-

b) Interest rate risk

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

Profile

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

	Carrying amount	
	As at 30 June 2022	As at 31 Dec 2021
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	1,011,507,395	1,561,507,395
Cash at banks	609,663,491	712,541,165
Financial liabilities		
Short term borrowing	447,085,069	430,408,117

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

	As at 30 June 2022		As at 31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	1,011,507,395	1,011,507,395	1,561,507,395	1,561,507,395
Loans and receivables				
Trade receivables	1,359,451,519	1,359,451,519	1,220,402,229	1,220,402,229
Other receivables	4,431,951	4,431,951	6,603,820	6,603,820
Cash equivalents	1,621,170,886	1,621,170,886	2,274,048,561	2,274,048,561
Financial liabilities				
Liabilities carried at amortised costs				
Trade and other payables	1,145,764,963	1,145,764,963	885,084,814	885,084,814
Short term borrowing	447,085,069	447,085,069	430,408,117	430,408,117
Interest rates used for determining amortised cost				
The interest rates used to discount estimated cash flows, when applicable were as follows:				
Investment in FDR (local currency/BDT)			30 June 2022	31 Dec 2021
Bank overdraft (local currency/BDT)			1.50%-5.70%	1.50%-5.00%
Short term bank loan (local currency/BDT)			9%	9%
Short term bank loan (foreign currency/USD)			9%	9%
			Libor+2.00%-3.50%	Libor+2.00%-3.50%

37 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	Amounts in Taka	
										Dividend Income	
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	191,643,012 186,595,745	2,504,346 5,478,261	2,504,346 5,478,261	108,283,149 72,388,374	-	-	40,999,800 20,499,900
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	21,545,374 17,632,259	-	-	9,088,810 5,498,289	-	-	4,950,000 1,980,000
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	Current period Previous period	3,916,680 3,652,595	-	-	22,560,628 20,254,600	-	-	-
Ceramim FZ LLC	Fellow subsidiary	Secured	Nil	Current period Previous period	555,295,965 333,659,626	-	-	195,323,788 10,576,487	-	-	-
RAK Ceramics (India) Pvt. Ltd.	Fellow subsidiary	Secured	Nil	Current period Previous period	706,935 48,362	-	-	-	-	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	423,872 403,046	-	570,000	557,298	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period Previous period	50,535,875 27,788,861	-	-	17,265,632 5,980,658	-	-	-
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current period Previous period	5,925,593 5,074,758	-	-	272,460	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	659,562 221,910	-	-	-	-	-	-
Speedway International Pvt. Ltd	Other related party			Current period Previous period	11,939,649 163,990	-	-	2,146,299 3,771	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period Previous period	1,486,321 7,843,174	-	-	6,414 423,343	-	-	-
Peilkan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	30,459,926	-	-	5,105,549	-	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period Previous period	- 1,443,321,228	1,186,788,025	667,600,910 679,177,470	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	Current period Previous period	2,181,110 1,354,620	-	-	14,010,392 12,058,086	18,680,523 17,225,837	-	-
Sadhan Kumar Dey	Key Management Personnel	Unsecured	Nil	Current period Previous period	-	-	-	-	4,619,804 4,571,939	-	-

37.1 The company has decided to purchase of 33.91 acres of land at Bhutulia, Gazipur under Dhanua and Gazipur Mouja at a total cost of BDT. 627.34 million excluding registration and other expenses from Mr. SAK Ekramuzzaman [Managing Director of RAK Ceramics (Bangladesh) Limited] and others in its Board of Directors meeting dated June 13, 2022 subject to approval of the shareholders of the company in Extra Ordinary General Meeting will be held on August 4, 2022. The land proposed to be utilized for greenfield expansion of another tiles plant with an additional production capacity of 15,000 sqm of tiles per day, has decided in the board of directors meeting as mentioned above. The total cost of project estimated BDT. 9,025 mn.

To comply the BSEC notification no. BSEC/CMRRCD/2009-193/10/Admin/118 dated March 22, 2021 shareholders of the company in its 23rd Annual General Meeting dated March 31, 2022 approved an agenda to enter into contract for supply of goods and materials to Mohammed Trading (Owner of Mohammed Trading is Managing Director of RAK Ceramics (Bangladesh) Limited) amounting to 10% (Ten percent) or above of the revenue for the immediate financial year."

37.2 Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 18,680,523.

During the period, Board meeting fees of Taka 450,000 was paid to the board members for attending the Board meetings.

38 Segment reporting

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

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

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

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

30 June 2022

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	3,782,432,010	-	20,593,894	-	3,803,025,903
Revenue - inter segment	-	191,643,012	22,542,955	(214,185,967)	-
Total segment revenue	3,782,432,010	191,643,012	43,136,849	(214,185,967)	3,803,025,903
Cost of sales- external customer	(2,488,323,795)	(154,304,646)	(32,293,086)	-	(2,674,921,529)
Cost of sales- inter segment	(191,643,012)	(3,501,927)	-	195,144,939	-
Total segment cost of sales	(2,679,966,807)	(157,806,573)	(32,293,086)	195,144,939	(2,674,921,529)
Gross profit	1,102,465,203	33,836,439	10,843,763	-	1,128,104,374
Dividend income	45,949,800	50,000	100	(45,999,800)	100
Rental income	2,504,346	-	-	(2,504,346)	-
Financial income	30,635,323	424,131	25,440	-	31,084,894
Financial expenses	(64,966,405)	(6,047)	(4,293)	-	(64,976,744)
Depreciation	(203,397,358)	(13,358,502)	(97,944)	-	(216,853,804)
Other operating expenses	(320,158,445)	8,059,630	(9,963,584)	21,545,374	(300,517,025)
Segment profit before tax	593,032,464	29,005,651	803,482	-	576,841,796
Income tax expense	(154,591,366)	(9,667,203)	(245,556)	-	(164,504,125)
Deferred tax	14,697,402	3,410,325	10,686	-	18,118,412
Profit for the period					430,456,084

30 June 2021

Business Segments

	Ceramic & sanitary ware			Power			Security and services			Inter segment			Entity total		
	Iaka			Iaka			Iaka			Iaka			Iaka		
Revenue - external customers	3,250,934,769	-	-	-	17,766,170	-	-	-	-	-	-	-	-	-	3,268,700,939
Revenue - inter segment	-	186,595,745	-	18,498,011	-	(205,093,756)	-	(205,093,756)	-	-	-	-	-	-	-
Total segment revenue	3,250,934,769	186,595,745	-	36,264,181	-	(205,093,756)	-	(205,093,756)	-	-	-	-	-	-	3,268,700,939
Cost of sales- external customer	(2,117,365,209)	(147,586,955)	-	(27,458,544)	-	-	-	-	-	-	-	-	-	-	(2,292,410,708)
Cost of sales- inter segment	(186,595,745)	(6,344,013)	-	-	-	192,939,758	-	192,939,758	-	-	-	-	-	-	-
Total segment cost of sales	(2,303,960,957)	(153,930,968)	-	(27,458,544)	-	192,939,758	-	192,939,758	-	-	-	-	-	-	(2,292,410,708)
Gross profit	946,973,812	32,664,777	-	8,805,637	-	-	-	-	-	-	-	-	-	-	976,290,231
Other income	1,547,431	-	-	-	-	-	-	-	-	-	-	-	-	-	1,547,431
Dividend income	22,479,900	20,000	50	50	-	(22,499,900)	-	(22,499,900)	-	-	-	-	-	-	50
Rental income	5,478,261	-	-	-	-	(5,478,261)	-	(5,478,261)	-	-	-	-	-	-	-
Financial income	22,616,383	(32,030)	17,107	17,107	-	-	-	-	-	-	-	-	-	-	22,601,461
Financial expenses	(2,196,977)	(96,198)	(3,665)	(3,665)	-	-	-	-	-	-	-	-	-	-	(2,296,839)
Depreciation	(213,952,465)	(14,210,666)	(102,330)	(102,330)	-	-	-	-	-	-	-	-	-	-	(228,265,461)
Other operating expenses	(236,094,364)	9,507,092	(8,611,458)	(8,611,458)	-	17,632,259	-	17,632,259	-	-	-	-	-	-	(217,566,471)
Segment profit before tax	546,851,980	27,852,977	105,341	105,341	-	-	-	-	-	-	-	-	-	-	552,310,403
Income tax expense	(143,417,907)	(9,930,596)	(31,602)	(31,602)	-	-	-	-	-	-	-	-	-	-	(153,380,106)
Deferred tax	33,327,908	3,555,196	(249,613)	(249,613)	-	-	-	-	-	-	-	-	-	-	36,633,491
Profit for the period															435,563,788

	<u>30 June 2022</u> Taka	<u>30 June 2021</u> Taka
39 Calculation of Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	<u>430,455,973</u>	<u>435,563,683</u>
(b) No. of ordinary equity shares	<u>427,968,701</u>	<u>427,968,701</u>
(c) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Earnings per share (EPS) for the period (a÷c)	<u>1.01</u>	<u>1.02</u>
Diluted earnings per share for the period (a÷c)	<u>1.01</u>	<u>1.02</u>

39.1 Weighted average number of ordinary shares

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

	<u>30 June 2022</u>	<u>30 June 2021</u>
Outstanding shares	<u>427,968,701</u>	<u>427,968,701</u>
	<u>427,968,701</u>	<u>427,968,701</u>

39.2 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 the year.

39.3 Reason of deviation of earnings per share:

Due to the revised and responsive business strategy taken by the management, sales is increased by 16.35% from BDT. 3,268.70 mn to BDT. 3,803.03 mn, even though earning per share is decreased from BDT. 1.02 to 1.01 due to significant volatile of foreign currency market, disruption of global supply chain caused increase in impact of raw materials and freight.

40 Calculation of Net assets value per share

(a) Net assets value (Note 14, 15 & 16)	<u>7,396,022,865</u>	<u>7,030,905,768</u>
(b) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net assets value per share (a÷b)	<u>17.28</u>	<u>16.43</u>

41 Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 42)	<u>10,820,781</u>	<u>216,526,349</u>
(b) Weighted average no. of equity shares outstanding (Note 39.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net operating cash flow per share (a÷b)	<u>0.03</u>	<u>0.51</u>

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

Due to the revised and responsive business strategy taken by the management, sales is increased by 16.35% from BDT. 3,268.70 mn to BDT. 3,803.03 mn. However, settlement of multiple import bills in the reporting period causing vendor payment was more compare to collection. As a result, net operating cash flow per share has been decreased from BDT 0.51 to BDT. 0.03

42 **Reconciliation of operating cash flow:**

	<u>30 June 2022</u>	<u>30 June 2021</u>
Cash flows from operating activities		
Profit before taxation	576,841,796	552,310,403
Adjustment for:		
Depreciation	221,030,418	232,255,613
Amortization	705,188	754,054
Advance rent adjustment	4,000,000	-
Loss on assets retirement	1,663,221	-
Foreign exchange loss	56,615,256	-
Finance expenses	8,361,488	2,296,839
Finance income	(31,084,895)	(22,601,461)
Other income	(100)	(1,547,481)
	<u>838,132,372</u>	<u>763,467,968</u>
Increase/decrease in trade and other receivables	(139,000,447)	(181,367,700)
Increase/decrease in inventories	(643,425,635)	(356,221,863)
Increase/decrease in trade and other payables	61,158,954	77,793,100
Cash generated from operating activities	<u>116,865,244</u>	<u>303,671,506</u>
Interest received from bank deposit	4,730,633	4,251,430
Income tax paid	(110,775,096)	(91,396,587)
Net cash (used in)/from operating activities	<u><u>10,820,781</u></u>	<u><u>216,526,349</u></u>

43 **Contingent liabilities**

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 997,658,555 (30 June 2021: Tk 1,149,451,034). 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 926,105,577 (30 June 2021: Tk 906,772,587) and letter of guarantee of Tk 139,177,233 (30 June 2021: Tk 138,927,233).

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 June 2022. Therefore no credit loss allowances is expected.