

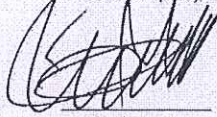
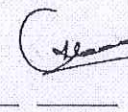
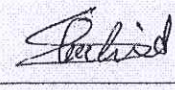
RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 31 March 2019

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 31 March 2019

	Notes	31 Mar 2019 Taka	31 Dec 2018 Taka
Assets			
Property, plant and equipment	4	3,132,935,511	3,200,651,808
Investment property	5	688,552,820	691,149,776
Right of use assets	6	150,188,577	-
Intangible assets	7	10,551,740	11,916,384
Capital work-in-progress	8	139,114,095	127,781,532
Total non-current assets		<u>4,121,342,743</u>	<u>4,031,499,500</u>
Inventories	9	3,221,895,094	3,005,616,081
Trade and other receivables	10	879,518,821	871,791,127
Advances, deposits and prepayments	11	367,561,062	322,820,432
Advance income tax	12	3,156,969,143	3,125,317,011
Cash and cash equivalents	13	877,975,167	829,807,227
Total current assets		<u>8,503,919,287</u>	<u>8,155,351,878</u>
Total assets		<u>12,625,262,030</u>	<u>12,186,851,378</u>
Equity			
Share capital	14	3,890,624,560	3,890,624,560
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,800,810,669	1,628,694,442
Equity attributable to equity holders of the company		<u>7,165,083,208</u>	<u>6,992,966,981</u>
Non-controlling interests		1,647	1,546
Total equity		<u>7,165,084,855</u>	<u>6,992,968,527</u>
Liabilities			
Borrowings	19	29,837,131	88,203,349
Deferred tax liability	17	192,789,373	197,934,495
Lease liability	20	153,071,553	-
Total non-current liabilities		<u>375,698,057</u>	<u>286,137,844</u>
Employees benefits payable	18	16,079,918	-
Borrowings	19	264,570,484	309,652,416
Lease liability	20	12,923,787	-
Trade and other payables	21	613,524,674	528,659,578
Accrued expenses	22	568,266,228	531,601,160
Provision for income tax	23	3,609,114,027	3,537,831,853
Total current liabilities		<u>5,084,479,118</u>	<u>4,907,745,007</u>
Total liabilities		<u>5,460,177,175</u>	<u>5,193,882,851</u>
Total equity and liabilities		<u>12,625,262,030</u>	<u>12,186,851,378</u>

The accompanying notes are an integral part of these financial statements

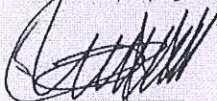
 Chairman	 Managing Director	 Director	 Chief Financial Officer	 Company Secretary
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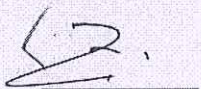
Dated, 23 April 2019

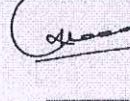
RAK Ceramics (Bangladesh) Ltd.
Consolidated profit or loss and other comprehensive income
for the period ended 31 March 2019

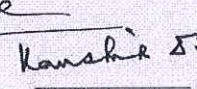
	Notes	31 Mar 2019 Taka	31 Mar 2018 Taka
Sales	24	1,603,077,901	1,708,616,163
Cost of sales	25	(1,013,753,062)	(1,084,608,012)
Gross profit		589,324,839	624,008,151
Other income	26	2,519,690	2,115,000
Administrative expenses	27	(95,716,788)	(86,358,335)
Impairment loss on trade receivable	27.1	(881,414)	-
Marketing and selling expenses	28	(230,405,203)	(199,666,124)
		(324,483,715)	(283,909,459)
Profit from operating activities		264,841,124	340,098,692
Finance income	29	8,850,378	14,339,216
Finance expenses	30	(10,516,820)	(13,667,118)
Net finance income		(1,666,442)	672,098
Profit before contribution to worker's profit participation and welfare fund		263,174,682	340,770,790
Contribution to worker's profit participation and welfare fund	31	(11,096,997)	(14,421,040)
Profit before income tax		252,077,685	326,349,750
Income tax expense			
Current tax	32	(71,282,174)	(81,176,170)
Deferred tax	17	5,145,122	(3,983,823)
		(66,137,052)	(85,159,993)
Profit for the period		185,940,633	241,189,757
Other comprehensive income		-	-
Total comprehensive income for the period		185,940,633	241,189,757
Profit attributable to:			
Equity holders of the company		185,940,532	241,189,636
Non-controlling interests		101	121
Profit after tax for the period		185,940,633	241,189,757
Basic earnings per share (Par value TK 10)	37	0.48	0.62

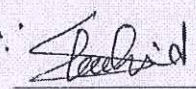
The accompanying notes are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dated, 23 April 2019

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
for the period ended 31 March 2019

Attributable to owners of the Company

	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka	Non- controlling interests Taka	Total equity Taka
Balance as at 01 January 2018	3,536,931,410	1,473,647,979	1,445,455,970	6,456,035,359	1,524	6,456,036,883
Total comprehensive income for 2018 Profit/(loss) for the period	-	-	241,189,636	241,189,636	121	241,189,757
Balance as at 31 March 2018	<u>3,536,931,410</u>	<u>1,473,647,979</u>	<u>1,686,645,606</u>	<u>6,697,224,995</u>	<u>1,645</u>	<u>6,697,226,640</u>
Balance as at 01 January 2019	3,890,624,560	1,473,647,979	1,628,694,440	6,992,966,979	1,546	6,992,968,525
Prior year adjustment (Leases)			(13,824,303)	(13,824,303)		(13,824,303)
Total comprehensive income for 2019 Profit/(loss) for the period	-	-	185,940,532	185,940,532	101	185,940,633
Balance as at 31 March 2019	<u>3,890,624,560</u>	<u>1,473,647,979</u>	<u>1,800,810,669</u>	<u>7,165,083,208</u>	<u>1,647</u>	<u>7,165,084,855</u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
for the period ended 31 March 2019

	31 Mar 2019 Taka	31 Mar 2018 Taka
Cash flows from operating activities		
Cash receipts from customers	1,550,133,438	1,461,971,043
Cash payments to suppliers and employees	<u>(1,320,530,023)</u>	<u>(1,542,344,439)</u>
Cash generated from operating activities	<u>229,603,415</u>	<u>(80,373,396)</u>
Interest received from bank deposit	1,186,954	1,442,086
Income tax paid	<u>(31,652,132)</u>	<u>(67,710,704)</u>
Net cash (used in)/from operating activities (note-37.5)	<u>199,138,237</u>	<u>(146,642,014)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(47,828,270)	(65,624,007)
Interest received from FDR	5,686,817	8,919,232
Income from rental	4,972,436	2,970,000
Intangible assets	<u>(121,526)</u>	<u>(10,628,823)</u>
Net cash (used in)/from investing activities	<u>(37,290,543)</u>	<u>(64,363,598)</u>
Cash flows from financing activities		
Finance charges	(5,363,772)	(11,477,774)
Avail/(repayment) of term loan	(58,366,218)	(67,351,298)
Avail/(repayment) of short-term loan	(45,081,933)	115,247,800
Payment of lease liability	(5,439,582)	-
Dividend paid	<u>(42,409)</u>	<u>(14,577)</u>
Net cash (used in)/from financing activities	<u>(114,293,914)</u>	<u>36,404,151</u>
Effect of exchange rate changes in cash and cash equivalents	614,160	462,725
Net increase/(decrease) in cash and cash equivalents	48,167,940	(174,138,736)
Cash and cash equivalents as at 01 January	<u>829,807,227</u>	<u>1,382,359,206</u>
Cash and cash equivalents as at 31 March (Note 13)	<u>877,975,167</u>	<u>1,208,220,470</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 31 March 2019

1. Reporting entity

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

1.1 Nature of business

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

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

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

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

RAK Security and Services Pvt. Limited

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

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

2. Basis of preparation

2.1 Statement of compliance

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

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

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 23 April 2019.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

Note 4	Property, plant & equipment
Note 5	Investment property
Note 6	Right of use assets
Note 17	Deferred tax liability
Note 18	Employees benefit payable
Note 20	Lease liability
Note 23	Provision for income tax
Note 27.1	Financial Instruments

2.5 Reporting period

The financial period of the Company covers three months from 1 January to 31 March 2019 and is followed consistently.

2.6 Going concern

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

3.2.1 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.3 Share capital

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

3.4 Property, plant and equipment

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

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

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

3.4.1 Depreciation on property, plant and equipment

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

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

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

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

3.5 Investment property

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

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

3.5.1 Depreciation on investment property

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

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

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

3.6 Capital work-in-progress

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

3.7 Intangible assets

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

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

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

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

3.8 Inventories

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

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

3.9 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 month 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.

3.10 Employee benefit schemes

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

Defined contribution plan (Provident fund)

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

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

Defined benefit plan (Gratuity)

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

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

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

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

3.12 Provisions

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

3.13 Standards, amendments and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018/2019 with earlier application permitted. The group does not plan to adopt these standards early. The new standards which may be relevant to the group are set out below.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

i. Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

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

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

ii. Impairment

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

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

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

ii. Hedging

IFRS 9 incorporates new hedge accounting rules which intend to align hedge accounting with a group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. In accordance with IFRS 9, the group has an accounting policy choice to defer the adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting.

The group will avail of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Impact of IFRS 9 shown in note no. 34.1 (b).

3.13.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

i. Sales of goods

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

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

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

i. Rendering of services

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

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

i. Construction contracts

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

Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

The group does not expect the application of IFRS 9 and IFRS 15 to have a significant impact on its consolidated financial statements. The actual impacts of adopting these standards at 1 January 2018 may change because:

these standards will require the group to revise its accounting policies and internal controls and these changes are not yet complete;

the group is also refining and finalizing its model for expected credit loss calculations; and

the new accounting policies, assumptions, judgement and estimation techniques employed are subject to change until the Group finalizes its first consolidated financial statements that includes the date of initial application.

3.13.2 IFRS 16 Leases

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 *Leases*. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for a lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

General impact of application of IFRS 16 Leases

In the current year, the group, for the first time, has applied IFRS 16 *Leases* (as issued by the IASB in January 2016) in its effective date.

IFRS 16 introduces new or amended 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 new 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 date of initial application of IFRS 16 for the group is 1 January 2019

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

Impact of the new definition of a lease

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

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

Impact on Lessee Accounting

Former operating leases

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

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

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

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

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

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

Former finance leases

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

Impact on Lessor Accounting

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

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

3.14 Finance income and expenses

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

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

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

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

3.15 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".

3.16 Taxation

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

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2018.

Deferred tax:

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

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

3.17 Earning per share

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

3.18 Determination and presentation of operating segment

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

3.19 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.

3.20 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.

3.21 New standards adopted

The following new standard is effective for annual years beginning from 1 January 2018 and have been applied in preparing these financial statements.

IFRS 9	Financial Instruments.
IFRS 15	Revenue from contracts with customers.
IFRS 16	Leases

3.22 Events after the reporting period

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

3.23 Comparatives and reclassification

Comparative information have been disclosed in respect of 2018 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

Amounts in Taka

31 Mar 2019

Particulars	C O S T			D E P R E C I A T I O N					Net book value as at 31 Mar 2019	
	Balance as at 01 Jan 2019	Addition during the period	Sale/ disposal during the period	Balance as at 31 Mar 2019	Rate (%)	Balance as at 01 Jan 2019	Charged during the period	Adjustment during the period		Balance as at 31 Mar 2019
Land	338,570,507	-	-	338,570,507	-	-	-	-	-	338,570,507
Factory building	999,375,345	10,769,975	-	1,010,145,320	2.5-5	382,353,134	12,531,497	-	394,884,630	615,260,689
Office building	204,836,622	-	-	204,836,622	2.5-5	111,325,399	2,590,327	-	113,915,726	90,920,895
Plant and machinery	5,387,988,133	21,239,940	-	5,409,228,073	5-10	3,452,988,485	77,093,158	-	3,530,081,644	1,879,146,429
Mobile plant	135,573,374	55,366	-	135,628,740	10	99,008,863	1,138,301	-	100,147,164	35,481,576
Electrical installation	242,630,147	-	-	242,630,147	10-20	193,187,791	1,894,489	-	195,082,281	47,547,866
Gas pipeline	77,047,294	2,391,051	-	79,438,345	10-20	52,329,342	977,086	-	53,306,427	26,131,918
Furniture and fixtures	40,827,059	1,390,678	-	42,217,737	10	27,704,762	550,065	-	28,254,826	13,962,910
Office equipment	113,918,875	648,697	-	114,567,572	10-20	74,241,892	4,703,197	-	78,945,089	35,622,484
Communication equipment	14,768,857	-	-	14,768,857	10-20	8,599,956	485,344	-	9,085,299	5,683,557
Tools and appliances	19,113,047	-	-	19,113,047	10-20	10,304,624	453,742	-	10,758,366	8,354,681
Vehicles	89,762,354	-	-	89,762,354	10-20	51,715,558	1,794,798	-	53,510,357	36,251,998
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	7,668,042,626	36,495,708	-	7,704,538,333		4,467,390,818	104,212,002	-	4,571,602,822	3,132,935,511

31 Dec 2018

Amounts in Taka

Particulars	C O S T			D E P R E C I A T I O N					Net book value as at 31 Dec 2018	
	Balance as at 01 Jan 2018	Addition during the year	Sale/ disposal during the year	Balance as at 31 Dec 2018	Rate (%)	Balance as at 01 Jan 2018	Charged during the year	Adjustment during the year		Balance as at 31 Dec 2018
Land	336,575,507	1,995,000	-	338,570,507	-	-	-	-	-	338,570,507
Factory building	932,964,883	66,410,462	-	999,375,345	2.5-5	333,451,642	48,901,492	-	382,353,134	617,022,211
Office building	203,113,529	1,723,093	-	204,836,622	2.5-20	101,236,417	10,088,982	-	111,325,399	93,511,223
Plant and machinery	5,268,607,207	119,380,926	-	5,387,988,133	5-10	3,149,903,876	303,084,609	-	3,452,988,485	1,934,999,648
Mobile plant	122,434,617	13,138,757	-	135,573,374	10	90,904,362	8,104,501	-	99,008,863	36,564,511
Electrical installation	241,464,647	1,165,500	-	242,630,147	10-20	183,208,804	9,978,987	-	193,187,791	49,442,356
Gas pipeline	77,047,294	-	-	77,047,294	10-20	48,717,653	3,611,689	-	52,329,342	24,717,952
Furniture and fixtures	37,026,750	3,982,583	(182,274)	40,827,059	10	25,855,408	2,023,987	(174,633)	27,704,762	13,122,297
Office equipment	110,835,457	3,083,418	-	113,918,875	10-20	55,298,970	18,942,922	-	74,241,892	39,676,983
Communication equipment	12,231,404	2,537,453	-	14,768,857	10-20	6,853,414	1,746,542	-	8,599,956	6,168,901
Tools and appliances	17,669,297	1,443,750	-	19,113,047	10-20	8,355,786	1,948,838	-	10,304,624	8,808,423
Vehicles	83,352,902	6,617,452	(208,000)	89,762,354	10-20	44,596,878	7,269,848	(151,168)	51,715,558	38,046,796
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	7,446,954,506	221,478,394	(390,274)	7,668,042,626		4,052,014,222	415,702,397	(325,801)	4,467,390,818	3,200,651,808

5 Investment Property

31 Mar 2019

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Mar 2019
	Balance as at 01 Jan 2019	Addition during the period	Sale/disposal during the period		Balance as at 31 Mar 2019	Charged during the period	Adjustment during the period	
Land ¹	500,571,750	-	-	-	-	-	-	500,571,750
Office building ²	210,636,382	-	-	5%	2,596,956	-	22,655,312	187,981,070
Total	711,208,132	-	-		2,596,956	-	22,655,312	688,552,820

31 Dec 2018

Particulars	COST			Rate	DEPRECIATION			Net book value as at 31 Dec 2018
	Balance as at 01 Jan 2018	Addition during the year	Sale/disposal during the year		Balance as at 31 Dec 2018	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-	-	-	-	-	500,571,750
Office building ²	210,636,382	-	-	5%	10,532,101	-	20,058,356	190,578,026
Total	711,208,132	-	-		10,532,101	-	20,058,356	691,149,776

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

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

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

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

	<u>31 Mar 2019</u> Taka	<u>31 Mar 2018</u> Taka
5.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 25)	94,516,556	90,963,343
Administrative expenses (Note 5.2)	11,120,295	10,944,380
Marketing & selling expenses (Note 28)	1,172,105	993,978
	<u>106,808,956</u>	<u>102,901,700</u>
5.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 27)	8,523,339	8,347,424
Depreciation on investment property (Note 27)	2,596,956	2,596,956
	<u>11,120,295</u>	<u>10,944,380</u>

5.3 Disposal of property, plant and equipment

31 Mar 2019

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Furniture & fixture	-	-	-	-	-
Motor Bike	-	-	-	-	-
Total	-	-	-	-	-

31 Dec 2018

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Furniture & fixture	182,274	174,633	7,641	11,550	3,909
Motor Bike	208,000	151,168	56,832	134,140	77,308
Total	390,274	325,801	64,473	145,690	81,217

6 Right of use assets

31 Mar 2019

Particulars	COST			DEPRECIATION			Net book value as at 31 Mar 2019	
	Balance as at 01 Jan 2019	Addition during the period	Sale/disposal during the period	Balance as at 31 Mar 2019	Balance as at 01 Jan 2019	Charged during the period		Adjustment during the period
Display centre	117,152,245	-	-	117,152,245	15,407,718	2,441,561	-	99,302,966
Accommodation Building	2,613,422	-	-	2,613,422	362,770	326,678	-	1,923,974
Warehouse	-	48,113,224	-	48,113,224	-	601,415	-	47,511,809
Office Building	3,479,587	-	-	3,479,587	1,812,285	217,474	-	1,449,828
	123,245,254	48,113,224	-	171,358,478	17,582,773	3,587,128	-	150,188,577

Allocation of Depreciation

Administrative	544,152
Marketing & Selling expenses	3,042,976
	3,587,128

	31 Mar 2019	31 Dec 2018
	Taka	Taka
7 Intangible assets		
Balance as at 1 January	11,916,384	5,429,027
Add: Addition during the period	121,526	11,950,323
	12,037,910	17,379,350
Less: Amortisation during the period (Note-27)	1,486,170	5,462,966
Balance as at 31 March	10,551,740	11,916,384
8 Capital Work-in-Progress		
Balance as at 1 January	127,781,532	41,415,719
Add: Addition during the period	43,116,444	259,518,324
	170,897,976	300,934,043
Less: Transfer to property, plant & equipment and investment Prperty (8.1)	31,783,881	173,152,511
Balance as at 31 March	139,114,095	127,781,532
8.1 Items transferred from capital work in progress to property, plant & equipment		
Factory building	10,769,975	52,019,988
Plant & machinery	20,958,540	112,846,905
Mobile plant	-	7,826,143
Communication equipment	-	345,362
Others	55,366	114,113
	31,783,881	173,152,511
9 Inventories		
Raw materials	1,009,253,895	839,612,529
Less : Provision for slow moving & obsolete inventories	8,421,933	-
	1,000,831,962	839,612,529
Stores and consumables spares and packing	1,020,298,083	1,043,685,123
Less: Write off for stores, consumables and packing during the period	-	31,843,008
	1,020,298,083	1,011,842,115
Finished goods (net of net realizable value adjustment)	910,332,343	872,171,284
Less : Provision for slow moving & obsolete inventories	4,732,746	-
	905,599,597	872,171,284
Work-in-process	121,856,979	105,323,515
Goods-in-transit	173,308,473	176,666,638
	3,221,895,094	3,005,616,081

	31 Mar 2019	31 Dec 2018
	Taka	Taka
10 Trade and other receivables		
Trade receivables (Note 10.1)	814,083,943	805,880,110
	<u>814,083,943</u>	<u>805,880,110</u>
Receivable against insurance claim	56,976,730	56,976,730
Accrued interest (Note 10.2)	4,985,894	3,009,287
Accrued rental income	3,472,254	5,925,000
	<u>879,518,821</u>	<u>871,791,127</u>
10.1 Trade receivables		
Receivables from local sales	818,566,788	809,481,541
	<u>818,566,788</u>	<u>809,481,541</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	1,119,586	348,092
Related parties	3,363,259	3,253,339
	<u>814,083,943</u>	<u>805,880,110</u>
10.2 Accrued interest		
Interest accrued on FDR	4,985,894	3,009,287
	<u>4,985,894</u>	<u>3,009,287</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	28,000	175,500
Land advance & others	8,423,855	7,185,449
Suppliers against material & services	97,873,409	94,233,766
	106,325,264	101,594,715
Security and other deposits:		
Titas gas	55,772,000	55,772,000
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and supplementary duty (note 11.1)	72,678,743	46,576,861
Deposit with income tax authority	68,128,195	50,628,195
Deposit with VAT authority	6,726,946	6,726,946
Other deposits	1,499,853	1,499,853
	206,760,737	163,158,855
Prepayments:		
Showroom, warehouse & office rent	16,598,833	12,454,619
Insurance and others	37,876,228	45,612,243
	54,475,061	58,066,862
	<u>367,561,062</u>	<u>322,820,432</u>

	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>
	Taka	Taka
11.1 Supplementary duty & VAT		
Balance as at 1 January	46,576,862	43,078,066
Add: Treasury deposit for SD & VAT purpose	355,412,988	1,393,216,802
Rebate of input VAT	179,235,295	418,046,905
	<u>581,225,144</u>	<u>1,854,341,774</u>
Less: SD & VAT on sales	443,361,961	1,805,059,097
Payable- SD & VAT	58,977,605	-
Others payable	6,206,833	2,705,815
	<u>508,546,399</u>	<u>1,807,764,912</u>
Balance as at 31 March	<u><u>72,678,743</u></u>	<u><u>46,576,861</u></u>
12 Advance Income Tax		
Balance as at 1 January	3,125,317,011	2,831,624,003
Add: Paid during the period	31,652,132	299,845,698
Less: Adjusted during the period	-	6,152,690
Balance as at 31 March (Note - 12.1)	<u><u>3,156,969,143</u></u>	<u><u>3,125,317,011</u></u>
12.1 Payment for the period		
<u>Income year</u>		
Current period	31,652,133	-
Year 2018	240,941,655	240,941,655
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	291,694,002	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	334,263,453	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>3,156,969,143</u></u>	<u><u>3,125,317,011</u></u>

	31 Mar 2019	31 Dec 2018
	Taka	Taka
13 Cash and cash equivalents		
Cash in hand	2,937,428	5,267,464
Cash at banks		
HSBC (current account -001-013432-011, 107580-011, 096015-011, 096007-011 BDT)	6,713,950	44,563,430
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	91,640,437	27,557,487
Brac Bank Ltd. (current account - 1530301731248001 - BDT)	21,964,600	7,022,039
Citibank N.A. (current account - G0100001200262018 - BDT)	162,039	167,340
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	12,286,966	1,519,425
HSBC (ERQ account - 001-013432-047 - USD)	13,899,744	15,969,457
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	713,588	713,861
Standard Chartered Bank (Margin money account)	3,319,200	3,834,947
United Commercial Bank (SND account - 0831301000000164 BDT)	7,782,773	9,233,763
Eastern Bank Ltd. (SND account - 1131350237146 - BDT)	95,071,749	48,550,824
EXIM Bank (SND account - 01513100031877 - BDT)	493,820	493,820
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	1,053,305	53,650
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	67,017,626	117,790,656
BRAC Bank (SND - 1513101731248001 - BDT)	360,789	360,789
Prime Bank Ltd. (SND - 12531010022563 - BDT)	7,351,825	5,741,297
Dhaka Bank Ltd (SND - 102.150.274- BDT)	4,511,888	39,444,913
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	25,000	9,811
Dhaka Bank Ltd (CD - 204100000019318- BDT))	237,484	599,154
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	11,916,852	65,731,073
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	21,601,270	30,234,529
Midland Bank Ltd. (SND 0006-1070000015 - BDT)	13,434,107	11,420,033
	<u>381,559,012</u>	<u>431,012,298</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,439,922	2,437,422
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,916,999
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,455	153,455
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,599	126,440
	<u>6,639,477</u>	<u>6,634,316</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,612,011	2,614,781
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,197,715	2,200,512
SCB (Current - 02-6162940-02- BDT) - 2012	3,854,889	3,858,070
SCB (Current - 02-6162940-03- BDT) - 2013	16,804,068	16,816,804
SCB (Current - 02-6162940-04- BDT) - 2014	4,983,139	4,986,605
SCB (Current - 02-6162940-05- BDT) - 2015	3,828,294	3,832,380
SCB (Current - 02-6162940-06- BDT) - 2016	4,326,361	4,326,361
SCB (Current - 02-6162940-07- BDT) - 2017	1,725,867	1,790,467
	<u>40,332,344</u>	<u>40,425,980</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	11,906,326	11,866,589
SCB	762,080	762,080
Dutch Bangla Bank Ltd.	28,838,500	28,838,500
Eastern Bank Ltd.	250,000,000	150,000,000
Dhaka Bank Ltd.	150,000,000	150,000,000
Meghna Bank Ltd.	5,000,000	5,000,000
	<u>446,506,906</u>	<u>346,467,169</u>
Total	<u>877,975,167</u>	<u>829,807,227</u>

14 Share Capital

Authorised :

600,000,000 ordinary shares of Taka 10/- each

31 Mar 2019

Taka

6,000,000,000

31 Dec 2018

Taka

6,000,000,000

Issued, subscribed, called and paid up :

389,062,456 ordinary shares of Taka 10/- each

3,890,624,560

3,890,624,560

Percentage of shareholdings :

	2019		2018	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,650,785,740	68.13	2,650,785,740
S.A.K. Ekramuzzaman	3.95	153,598,410	3.95	153,598,410
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	310	0.00	310
Sheikh Omer Bin Saqr Al Qassimi	0.00	310	0.00	310
Sheikh Ahmad Bin Humaid al Qassimi	0.00	310	0.00	310
Hamad Abdulla Al Muttawa	0.00	150	0.00	150
Dr. Khater Massaad	0.00	150	0.00	150
Abdallah Massaad	0.00	150	0.00	150
Manoj Uttamrao Ahire	0.00	150	0.00	150
General Public	27.92	1,086,238,880	27.92	1,086,238,880
	<u>100.00</u>	<u>3,890,624,560</u>	<u>100.00</u>	<u>3,890,624,560</u>

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

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2019	2018	2019	2018
Less than 500 shares	21,829	22,333	4,955,210	5,070,691
501 to 5,000 shares	8,665	8,992	13,825,121	14,323,202
5001 to 10,000 shares	986	1,018	6,995,470	7,132,096
10,001 to 20,000 shares	520	521	7,254,476	7,268,499
20,001 to 30,000 shares	152	152	3,764,092	3,787,490
30,001 to 40,000 shares	70	73	2,439,297	2,520,150
40,001 to 50,000 shares	42	48	1,908,463	2,169,779
50,001 to 100,000 shares	96	93	6,843,417	6,487,948
100,001 to 1,000,000 shares	90	92	24,591,419	24,171,658
Over 1,000,000 shares	13	13	316,485,491	316,130,943
	<u>32,463</u>	<u>33,335</u>	<u>389,062,456</u>	<u>389,062,456</u>

15 Share premium

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

No. of shares	Share premium (per share)	2019 Taka	2018 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
	Total	<u>1,473,647,979</u>	<u>1,473,647,979</u>

16 Reserve and surplus

Balance as on 1 January	1,628,694,440	1,445,455,970
Less : Adjustment for prior year (Leases)	(13,824,303)	-
Add : Profit during the period	185,940,532	890,624,761
	1,800,810,669	2,336,080,731
Less: Dividend declared during the period	-	(707,386,291)
Balance as on 31 March	<u>1,800,810,669</u>	<u>1,628,694,440</u>

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

	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>
	Taka	Taka
17 Deferred tax liabilities		
Balance as at 1 January	197,934,495	178,813,760
Less : Deferred tax (income)/expenses	<u>(5,145,122)</u>	<u>19,120,735</u>
Balance as at 31 March	<u><u>192,789,373</u></u>	<u><u>197,934,495</u></u>

	Carrying amount on the date of statement of financial position	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 31 March 2019			
Property, plant and equipment (Excluding land and others)	2,897,845,746	2,141,932,445	755,913,301
Trade receivable	793,269,833	797,313,609	(4,043,776)
Inventory	3,148,836,744	3,165,016,324	(16,179,580)
Net taxable temporary difference			<u><u>735,689,945</u></u>
Deferred tax liability (applying applicable tax rate for individual company)			<u><u>192,789,373</u></u>
As at 31 December 2018			
Property, plant and equipment (Excluding land and others)	2,965,075,192	2,206,204,829	758,870,363
Trade receivable	825,965,144	829,566,575	(3,601,431)
Net taxable temporary difference			<u><u>755,268,932</u></u>
Deferred tax liability (applying applicable tax rate for individual company)			<u><u>197,934,495</u></u>

18 Employees benefits payable

Provident fund	7,215,062	-
Gratuity fund	<u>8,864,856</u>	<u>-</u>
	<u><u>16,079,918</u></u>	<u><u>-</u></u>

	<u>2019</u>		
	<u>Provident fund</u>	<u>Gratuity fund</u>	<u>Total</u>
	Taka	Taka	Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	<u>17,076,514</u>	<u>9,032,663</u>	<u>26,109,176</u>
	17,076,514	9,032,663	26,109,176
Less: Payments made to fund during the period	<u>9,861,452</u>	<u>167,806</u>	<u>10,029,258</u>
Balance as at 31 March	<u><u>7,215,062</u></u>	<u><u>8,864,856</u></u>	<u><u>16,079,918</u></u>

	<u>2018</u>		
	<u>Provident fund</u>	<u>Gratuity fund</u>	<u>Total</u>
	Taka	Taka	Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	<u>61,860,370</u>	<u>33,220,831</u>	<u>95,081,200</u>
	61,860,370	33,220,831	95,081,200
Less: Payments made to fund during the year	<u>61,860,370</u>	<u>33,220,831</u>	<u>95,081,200</u>
Balance as at 31 December	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Provision and payment includes BDT. 516,106 for the year 2018 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.

19 Borrowings

Non-current:		
Term loan	294,407,615	362,201,591
Current portion of term loan	<u>(264,570,484)</u>	<u>(273,998,242)</u>
	<u><u>29,837,131</u></u>	<u><u>88,203,349</u></u>
Current:		
Bank overdrafts	-	35,654,174
Current portion of term loan	<u>264,570,484</u>	<u>273,998,242</u>
	<u>264,570,484</u>	<u>309,652,416</u>
Balance as at 31 March	<u><u>294,407,615</u></u>	<u><u>397,855,765</u></u>

19.1 Borrowings by maturity

At 31 March 2019	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	-	-	-	-
Term loan	264,570,484	29,837,131	-	294,407,615
	264,570,484	29,837,131	-	294,407,615
At 31 December 2018	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	35,654,174	-	-	35,654,174
Term loan	273,998,242	88,203,349	-	362,201,591
	309,652,416	88,203,349	-	397,855,765

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	-	Revolving	From company's own source	1) Letter of comfort, 2) Hypothecation over plant & machinery on parri - passu basis with other lenders.	1) Land, 2) Plant and machinery of the expansion plant.
	Short term loan	378,000,000	-	180/360 days from B/L date			
HSBC	Overdraft	30,000,000	-	Revolving	From company's own source	3) Hypothecation over stock & book debts on a parri - passu basis with other lenders. 4) Demand promissory note.	
	Short term loan	550,000,000	-	180/360 days from B/L date			
	Long term loan	1,366,872,000	294,407,615	5 years			
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	90,000,000	-	180/360 days from B/L date			
Commercial Bank of Ceylon	Overdraft	25,000,000	-	Revolving	From company's own source		
	Short term loan	300,000,000	-	180/360 days from B/L date			

31 Mar 2019
Taka

31 Dec 2018
Taka

20 Lease liability

Non-current:

Lease liability

165,995,340

-

Less : Current portion of lease liability

12,923,787

-

153,071,553

-

Current:

Current portion of lease liability

12,923,787

-

Lease liability schedule

Particulars	Balance as on 01 January, 2019	Addition	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 March 2019
Display center	114,917,849	-	3,891,504	3,042,649	848,855	114,068,994
Accommodation Building	2,497,978	-	363,078	32,023	331,055	2,166,923
Warehouse	-	48,113,224	900,000	731,731	168,269	47,944,955
Office Building	2,070,958	-	285,000	28,511	256,489	1,814,468
	119,486,785	48,113,224	5,439,582	3,834,914	1,604,668	165,995,340

21 Trade and other payables

Trade payables

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

81,241,880	109,881,660
318,028,373	265,572,347
13,437,691	20,171,194
15,155,836	11,187,712
427,863,780	406,812,913

Other payables

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

22,855,734	18,295,834
5,614,698	6,765,578
39,531,781	39,574,191
20,818,916	20,818,916
10,653,491	10,893,079
1,641,192	1,658,392
615,576	658,229
83,929,506	23,182,446
185,660,894	121,846,665
613,524,674	528,659,578

	<u>31 Mar 2019</u>	<u>31 Dec 2018</u>
	Taka	Taka
22 Accrued expenses		
Power and gas	30,627,003	33,809,781
Staff cost	84,423,242	101,868,611
Provision for Dealer's commission	14,680,419	-
Audit fees	398,500	1,543,750
Professional charges	574,000	451,750
Interest on loans	-	52,889
Telephone	240,679	240,867
Provision for freight	10,493,721	6,236,754
Managing Director's remuneration (Note 22.1)	47,466,992	39,943,228
Worker's profit participation and welfare fund (Note 22.2)	70,010,312	58,913,315
Royalty and technical know-how fees (Note 22.3)	301,966,631	284,211,437
Others	7,384,729	4,328,778
	<u>568,266,228</u>	<u>531,601,160</u>
22.1 Managing Director's remuneration		
Balance as at 1 January	39,943,228	45,725,177
Add: Provision made during the period	7,523,764	39,943,228
	47,466,993	85,668,405
Less: Paid to Managing Director during the period	-	45,725,177
Balance as at 31 March	<u>47,466,992</u>	<u>39,943,228</u>
22.2 Worker's profit participation and welfare fund		
Balance as at 1 January	58,913,315	67,441,264
Add: Contribution made to the fund during the period	11,096,997	58,913,315
	70,010,311	126,354,579
Less: Payment made from the fund during the period	-	67,441,264
Balance as at 31 March	<u>70,010,312</u>	<u>58,913,315</u>
22.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	284,211,437	191,852,419
Add: Provision made during the period	17,755,195	94,261,305
	301,966,631	286,113,724
Less: Payment made during the period	-	1,902,287
Balance as at 31 March	<u>301,966,631</u>	<u>284,211,437</u>
23 Provision for income Tax		
Balance as at 1 January	3,537,831,853	3,227,805,110
Add: Provision made for the period	71,282,174	316,179,434
	3,609,114,027	3,543,984,544
Less: Provision release during the period	-	6,152,691
Balance as at 31 March (Note 23.1)	<u>3,609,114,027</u>	<u>3,537,831,853</u>
23.1 Provision for income Tax		
<u>Income year</u>		
Current period	71,282,174	-
Year 2018	316,355,666	316,355,666
Year 2017	346,089,883	346,089,883
Year 2016	302,798,649	302,798,649
Year 2015	323,397,728	323,397,728
Year 2014	377,885,822	377,885,822
Year 2013	362,336,361	362,336,361
Year 2012	339,211,366	339,211,366
Year 2011	326,685,215	326,685,215
Year 2010	348,965,691	348,965,691
Year 2009	266,823,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	<u>3,609,114,027</u>	<u>3,537,831,853</u>

	31 Mar 2019	31 Mar 2018
	Taka	Taka
24 Sales		
Gross sales from Ceramics product	2,030,126,872	2,173,771,405
Gross sales from Power generation	88,760,789	98,708,529
Gross sales from Security service	35,858,112	48,086,844
	<u>2,154,745,773</u>	<u>2,320,566,778</u>
Less: Elimination	106,839,578	124,467,946
Supplementary Duty	151,481,212	170,561,644
VAT	271,174,561	290,180,178
Discount	22,172,521	26,740,847
Net sales	<u><u>1,603,077,901</u></u>	<u><u>1,708,616,163</u></u>
25 Cost of sales		
Materials consumed:		
Opening inventory as at 1 January	839,612,529	655,088,511
Add: Purchase during the period	695,815,152	861,315,046
	<u>1,535,427,681</u>	<u>1,516,403,557</u>
Less: Closing inventory as at 31 March	1,009,253,895	882,456,632
	<u>526,173,786</u>	<u>633,946,925</u>
Manufacturing overhead:		
Direct labour (Note 25.1.1)	157,942,200	143,042,479
Direct expenses:		
Power and gas	49,090,592	59,815,941
Repairs and indirect materials (25.1.2)	168,276,114	203,469,336
Rental charges	-	247,257
Depreciation on property, plant & equipment (note - 5.2)	94,516,556	90,963,343
Royalty and technical know-how/assistance fees (25.1.3)	17,755,195	23,073,664
Other production overhead (Note 25.1.4)	13,228,151	16,563,661
Provision for slow moving & obsolete inventories (refer note 9)	13,154,678	-
Movement in stock	(26,384,210)	(86,514,594)
	<u><u>1,013,753,062</u></u>	<u><u>1,084,608,012</u></u>
25.1.1 Direct labour		
Salary & wages	96,030,908	83,868,703
Overtime	7,959,637	9,705,398
Bonus	15,441,757	11,420,824
Incentive	6,682,821	35,627
Temporary labour wages	17,498,168	25,224,108
Staff uniform expenses	390,016	498,511
Gratuity	6,232,408	5,655,107
Employer's contribution to provident fund	5,787,849	5,193,354
Leave encashment	1,226,327	804,406
Group life insurance	692,309	612,141
Compensation	-	24,300
	<u><u>157,942,200</u></u>	<u><u>143,042,479</u></u>
25.1.2 Repairs and indirect materials		
Stores, spares, repair & maintenance	81,421,243	106,303,045
Packing expenses	86,854,871	97,166,291
	<u><u>168,276,114</u></u>	<u><u>203,469,336</u></u>
25.1.3 Royalty and technical know-how/assistance fees		
Royalty and technical know-how/assistance fees	17,755,195	23,073,664
	<u><u>17,755,195</u></u>	<u><u>23,073,664</u></u>
25.1.4 Other production overhead		
Hotel fare and expenses for technician	1,151,172	1,263,548
Demurrage	607,265	4,053,975
Insurance	5,724,400	3,786,437
Hiring charges and transportation	3,973,809	954,668
Other expenses	1,771,506	6,505,033
	<u><u>13,228,151</u></u>	<u><u>16,563,661</u></u>

	31 Mar 2019 Taka	31 Mar 2018 Taka
26 Other income		
Rental income	2,519,690	2,115,000
	<u>2,519,690</u>	<u>2,115,000</u>
27 Administrative expenses		
Staff cost (note-27.2)	50,703,551	42,759,073
Annual General Meeting expenses	1,441,336	1,585,961
Telephone and postage	1,687,937	1,030,355
Office repair and maintenance (note 27.3)	1,637,222	2,484,114
Registration and renewal	151,114	162,265
Security and guard expenses	2,991,200	3,140,643
Electricity, gas and water	1,130,724	1,053,032
Depreciation on property, plant & equipment (note - 5.2)	8,523,339	8,347,424
Depreciation on investment property (5.2)	2,596,956	2,596,956
Depreciation on right of use assets (note-6)	544,152	-
Amortisation	1,486,170	979,620
Legal and professional fees	1,786,819	1,686,008
Vehicle repair and maintenance	4,391,692	2,185,217
Rent, rate and tax	2,060,112	2,136,756
CSR expenses	-	12,500
IT expenses	712,960	1,937,577
General Servicing	1,573,865	2,893,291
Donation	232,500	530,000
Managing Director's remuneration (note-27.4)	7,523,764	9,777,465
Technical consultancy & others	4,541,375	1,060,078
	<u>95,716,788</u>	<u>86,358,335</u>
Rent, rates and taxes includes rent expenses for short term lease for BDT. 274,000. No low value item exists at the reporting period.		
27.1 Impairment loss on trade receivable		
Unrelated parties	771,494	-
Related parties	109,920	-
	<u>881,414</u>	<u>-</u>
New classification of financial assets shown in note 34.1(b) Impairment loss allowance has not been considered on other receivables and bank balances because business is confident to recover the full amount from the party.		
27.2 Staff cost		
Salary & wages	36,885,794	31,579,457
Overtime	3,447	-
Bonus	6,039,834	4,232,431
Incentive	-	259,849
Gratuity	2,145,747	1,828,723
Employer's contribution to provident fund	2,109,497	1,799,792
Leave encashment	441,156	282,319
Group life insurance	219,166	202,961
Canteen and conveyance expenses	1,542,631	1,536,179
Staff uniform expenses	151,773	171,957
Travelling expenses	523,360	612,119
Medical expenses	450,512	200,546
Accommodation expenses	137,894	-
Other employee benefit	52,740	52,740
	<u>50,703,551</u>	<u>42,759,073</u>
27.3 Office repair & maintenance		
Repairs office equipment	23,775	48,610
Office maintenance	1,613,447	2,435,504
	<u>1,637,222</u>	<u>2,484,114</u>
27.4 Managing Director's remuneration		
Provision made during the period	7,523,764	9,777,465
	<u>7,523,764</u>	<u>9,777,465</u>

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

	31 Mar 2019 Taka	31 Mar 2018 Taka
28 Marketing & selling expenses		
Staff cost (note-28.1)	15,192,074	12,800,423
Advertisement	2,327,570	5,122,968
Freight and transportation	66,233,343	65,529,098
Performance rebates (note-28.3)	124,220,828	99,187,219
Business promotion	8,842,982	7,581,913
Depreciation on property, plant & equipment	1,172,105	993,978
Depreciation on right of use assets (note-6)	3,042,976	-
Showroom & office rent	1,738,829	4,114,516
Tax expenses on discount	2,358,369	2,428,425
Sample expenses	3,596,690	974,076
Travel, entertainment and others	1,679,437	933,508
	230,405,203	199,666,124
28.1 Staff cost		
Salary & wages	10,428,548	8,782,409
Bonus	1,577,229	1,017,397
Incentive	173,977	904,993
Gratuity	654,508	544,666
Employer's contribution to provident fund	640,911	536,033
Leave Encashment	131,813	82,754
Group life insurance	64,865	50,827
Conveyance & food expenses	1,380,303	881,344
Compensation	139,920	-
	15,192,074	12,800,423
28.2		
Salary & wages under staff cost (note no. 25.1.1, 27.2 & 28.1) includes employee contribution to provident fund for BDT. 5,787,849, BDT. 2,109,497 & BDT. 640,911.		
28.3 Performance rebates		
Compensation to customer	1,927,637	2,301,048
Dealers' commission	29,155,182	31,872,010
Breakage commission	33,490,924	34,907,020
Dealers' incentive and bonus	59,647,085	30,107,141
	124,220,828	99,187,219
29 Finance income		
Interest on bank account (SND)	1,186,954	1,442,086
Interest on fixed deposits	7,663,424	12,897,130
	8,850,378	14,339,216
30 Financial expenses		
Interest expenses against loan	4,960,593	10,063,694
Interest expenses against lease liability	3,834,913	-
Foreign exchange loss	1,371,024	3,003,283
Bank charges	350,290	600,141
	10,516,820	13,667,118
31 Contribution to worker's profit participation and welfare fund		
Provision made during the period	11,096,997	14,421,040
	11,096,997	14,421,040
32 Current tax		
Current period	71,282,174	81,176,170
	71,282,174	81,176,170
33 Reconciliation of effective tax rate		
	31 Mar 2019	31 Mar 2018
	Taka	Taka
Profit before tax	%	%
Current tax expenses	28.28%	24.87%
Deferred tax expenses	-2.04%	1.22%
Total tax expenses	26.24%	26.09%
Expected income tax using applicable tax rate for individual company	25.81%	25.78%
Tax on non-deductible expenses	2.5%	-0.9%
Effective current tax	28.28%	24.87%
Effective deferred tax	-2.04%	1.22%
	26.24%	26.09%

34 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

34.1 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 31 Mar 2019	As at 31 Dec 2018	As at 31 Mar 2019	As at 31 Dec 2018
Trade receivables				
Customer-Local	-	-	814,083,943	805,880,110
Customer-Export	-	-	-	-
	<u>-</u>	<u>-</u>	<u>814,083,943</u>	<u>805,880,110</u>
Other receivables				
Receivable against insurance claim			56,976,730	56,976,730
Accrued Interest			4,985,894	3,009,287
Accrued rental income			3,472,254	5,925,000
			<u>65,434,878</u>	<u>65,911,017</u>
Cash equivalents			<u>875,037,739</u>	<u>824,539,763</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 31 March 2019.

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	356,197,457	355,077,871	1,119,586
Trade receivable-related	10.1	Loan & receivable	Amortized cost	462,369,330	459,006,071	3,363,259
Cash & cash equivalent	13	Loan & receivable	Amortized cost	875,037,739	875,037,739	-

i The above table provides information ECLs till date. Impairment provision till Dec 2018 was Tk. 3,601,431 and provision made during the period is Tk. 881,414.

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.

c) Ageing of receivables

The ageing of trade receivables as at 31 Mar was:

	Amounts in Taka	
	As at 31 Mar 2019	As at 31 Dec 2018
Not past due	758,705,345	745,648,990
0-90 days past due	25,859,989	16,912,926
91-180 days past due	13,824,465	21,642,349
181-365 days past due	5,866,806	12,917,992
over 365 days past due	9,827,337	8,757,853
	<u>814,083,943</u>	<u>805,880,110</u>

34.2 Liquidity risk

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

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

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

	As at 31 Mar 2019			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	613,524,674	613,524,674	613,524,674	-
Term loan (foreign)	294,407,615	294,407,615	264,570,484	29,837,132
	907,932,289	907,932,289	878,095,157	29,837,132

	As at 31 Dec 2018			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	35,654,174	35,654,174	35,654,174	-
Trade and other payables	528,659,578	528,659,578	528,659,578	-
Term loan	362,201,591	362,201,591	273,998,242	88,203,349
	926,515,343	926,515,343	838,311,994	88,203,349

34.3 Market risk

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

a) Currency risk

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

1) Exposure to currency risk

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

	As at 31 Mar 2019				As at 31 Dec 2018			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets	-	-	173,349	-	-	-	198,729	-
Cash at bank	-	-	173,349	-	-	-	198,729	-

	As at 31 Mar 2019				As at 31 Dec 2018			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated liabilities								
Trade payables	-	139,660	2,164,689	1,240,313	26,250	164,612	2,246,077	631,228
Term loan	-	-	3,492,380	-	-	-	4,314,492	-
Royalty & Technical Fees	-	-	3,582,048	-	-	-	3,385,485	-
	-	139,660	9,239,116	1,240,313	26,250	164,612	9,946,054	631,228
Net exposure	-	(139,660)	(9,065,767)	(1,240,313)	(26,250)	(164,612)	(9,747,325)	(631,228)

The Company has foreign exchange loss of Tk 1,371,024 during the period ended 31 Mar 2019 (31 Mar 2018: Exchange loss Tk 3,003,283).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	31 Mar 2019	31 Dec 2018
	Taka	Taka
AED	22.8862	22.7911
GBP	109.7510	106.2826
USD	83.8000	83.4500
EURO	94.4213	95.5444

ii Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the Taka, as indicated below, against the AED, GBP, USD, EURO at 31 Mar would have increased/(decreased) profit or loss by the amounts shown below.

	As at 31 Mar 2019		As at 31 Dec 2018	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 March				
AED (3 percent movement)	-	-	(812)	765
GBP (3 percent movement)	(4,319)	4,068	(5,091)	4,795
USD (3 percent movement)	(280,385)	264,051	(301,464)	283,903
EURO (3 percent movement)	(38,360)	36,126	(19,523)	18,385

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 31 Dec 2018	As at 31 Dec 2017
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	446,506,906	346,467,169
Cash at banks	428,530,833	478,072,594
Financial liabilities		
Term loan (Foreign)	294,407,615	362,201,591
Bank overdraft	-	35,654,174

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 31 Mar 2019		As at 31 Dec 2018	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	446,506,906	446,506,906	346,467,169	346,467,169
Loans and receivables				
Trade receivables	814,083,943	814,083,943	805,880,110	805,880,110
Other receivables	65,434,878	65,434,878	65,911,017	65,911,017
Cash equivalents	875,037,739	875,037,739	824,539,763	824,539,763
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	294,407,615	294,407,615	362,201,591	362,201,591
Bank overdraft	-	-	35,654,174	35,654,174
Trade and other payables	613,524,674	613,524,674	528,659,578	528,659,578

Interest rates used for determining amortised cost

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

	31 Mar 2019	31 Dec 2018
Investment in FDR (local currency/BDT)	1.95%-9.00%	1.95%-8.50%
Bank overdraft (local currency/BDT)	8.00%-10.00%	8%-10.00%
Short term bank loan (local currency/BDT)	8.00%-10.00%	8%-10.00%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-2.85%)	Libor+(2.75%-2.85%)
Long term bank loan (foreign currency/USD)	Libor+3%	Libor+3%

35 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/ Gurantee status	Bad debts Status	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Dividend income
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	88,760,789	1,477,254	1,477,254	121,676,781	-	-
				Previous period	98,706,529	1,648,383	1,648,383	129,360,769	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	17,680,173	-	-	23,317,486	-	-
				Previous period	25,383,611	-	-	24,686,387	-	-
RAK Ceramics - UAE	Parent	Unsecured	Nil	Current period	3,610,228	-	-	28,282,343	-	-
				Previous period	-	-	2,747,150	23,374,948	-	-
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current period	211,386,830	-	-	-	-	-
				Previous period	-	-	-	-	-	-
Juiphar Pharmaceuticals Ltd.	Other related party	Unsecured	Nil	Current period	-	1,512,000	-	-	-	-
				Previous period	-	1,215,000	1,215,000	-	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	55,984	900,000	1,995,000	-	-	-
				Previous period	56,284	900,000	-	-	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period	18,556,740	-	-	8,003,239	-	-
				Previous period	19,521,516	-	-	4,612,557	-	-
Pall Properties Pte. Ltd	Other related party	Unsecured	Nil	Current period	4,553,879	-	-	-	-	-
				Previous period	3,969,805	-	-	69,899	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	245,042	-	-	-	-	-
				Previous period	880,659	-	-	-	-	-
Green Planet Communications	Other related party	Unsecured	Nil	Current period	379,457	-	-	17,741	-	-
				Previous period	2,325,950	-	-	356,922	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period	363,103	-	-	363,103	-	-
				Previous period	-	-	-	-	-	-
Peikhan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	11,757,076	-	-	5,943,715	-	-
				Previous period	26,543,682	-	-	5,509,700	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period	-	533,703,672	459,006,071	-	-	-
				Previous period	-	582,073,917	432,447,783	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	Current period	732,858	-	-	47,466,992	7,523,764	-
				Previous period	548,322	-	-	55,502,598	9,777,465	-
Imtiaz Hussain	Key Management Personnel	Unsecured	Nil	Current period	-	-	-	-	2,563,716	-
				Previous period	-	-	-	-	2,372,832	-

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

35.2 Paid to Directors
During the period, provision was made as MD's remuneration for Taka. 7,523,764.
During the period, Board meeting fees of Taka 50,000 was paid to the board members for attending the Board meetings.

36 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.

31 Mar 2019

	Business Segments			Entity total	
	Ceramic & sanitary ware Iaka	Power Iaka	Security and Services Iaka		Inter segment Iaka
Revenue - external customers	1,589,931,715	-	13,146,185	-	1,603,077,900
Revenue - inter segment	-	88,760,789	18,078,789	(106,839,578)	-
Total segment revenue	1,589,931,715	88,760,789	31,224,974	(106,839,578)	1,603,077,900
Cost of sales- external customer	(931,822,714)	(54,990,379)	(26,939,971)	-	(1,013,753,063)
Cost of sales- inter segment	(106,440,962)	(1,470,084)	-	107,911,046	-
Total segment cost of sales	(1,038,263,676)	(56,460,464)	(26,939,971)	107,911,046	(1,013,753,063)
Gross profit	551,668,039	32,300,325	4,285,003	-	589,324,837
Rental income	3,889,254	-	-	(1,369,563)	2,519,691
Financial income	8,515,569	332,188	2,620	-	8,850,377
Financial expenses	(10,502,806)	(31,993)	(19,387)	37,366	(10,516,820)
Depreciation	(103,009,692)	(3,704,151)	(95,113)	-	(106,808,956)
Other operating expenses	(228,620,432)	1,286,610	(3,957,624)	-	(231,291,446)
Segment profit before tax	221,939,932	30,182,981	215,499	-	252,077,683
Income tax expense	(61,258,602)	(9,948,147)	(75,425)	-	(71,282,174)
Deferred tax	4,652,994	492,128	-	-	5,145,122
Non -Controlling interest	-	101	0.01	-	101
Profit for the period	-	-	-	-	185,940,532

31 Mar 2018

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and services	Inter segment	
	Iaka	Iaka	Iaka	Iaka	Iaka
Revenue - external customers	1,692,560,943	-	16,055,220	-	1,708,616,163
Revenue - inter segment	-	98,708,529	25,759,417	(124,467,946)	-
Total segment revenue	1,692,560,943	98,708,529	41,814,637	(124,467,946)	1,708,616,163
Cost of sales- external customer	(990,529,023)	(58,465,661)	(35,613,328)	-	(1,084,608,012)
Cost of sales- inter segment	(124,092,140)	(2,024,189)	-	126,116,329	-
Total segment cost of sales	(1,114,621,163)	(60,489,849)	(35,613,328)	126,116,329	(1,084,608,012)
Gross profit	577,939,782	38,218,680	6,201,309	-	624,008,153
Other income	-	-	-	-	-
Dividend income	-	-	-	-	-
Rental income	3,763,383	-	-	(1,648,383)	2,115,000
Financial income	14,124,725	214,491	-	-	14,339,216
Financial expenses	(13,407,152)	(257,892)	(2,075)	-	(13,667,118)
Depreciation	(98,421,432)	(4,400,990)	(79,278)	-	(102,901,700)
Other operating expenses	(195,578,509)	2,199,269	(4,164,558)	-	(197,543,798)
Segment profit before tax	288,420,796	35,973,558	1,955,398	-	326,349,754
Income tax expense	(68,609,403)	(11,882,378)	(684,389)	-	(81,176,170)
Deferred tax	(4,595,721)	611,898	-	-	(3,983,823)
Non -Controlling interest	-	121	0.06	-	121
Profit for the period	-	-	-	-	241,189,636

	<u>31 Mar 2019</u> Taka	<u>31 Mar 2018</u> Taka
37 Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company	<u>185,940,532</u>	<u>241,189,636</u>
No. of ordinary equity shares	<u>389,062,456</u>	<u>389,062,456</u>
Weighted average no. of equity shares outstanding (Note 37.1)	<u>389,062,456</u>	<u>389,062,456</u>
Earnings per share (EPS) for the period	<u>0.48</u>	<u>0.62</u>
Diluted earnings per share for the period	<u>0.48</u>	<u>0.62</u>
Net assets value per share	<u>18.42</u>	<u>18.94</u>
Net operating cash flow per share	<u>0.51</u>	<u>(0.38)</u>

37.1 Weighted average number of ordinary shares

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

	<u>31 Mar 2019</u>	<u>31 Mar 2018</u>
Outstanding shares	389,062,456	389,062,456
Effect of issue of bonus shares for the year 2018		
	<u>389,062,456</u>	<u>389,062,456</u>

37.2 Diluted earning per share

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

37.3 Reason of deviation of earnings per share:

Revenue for the period was lower by 6.18% as compared to corresponding period. The expenditure increased due to normal increase in salary & wages and also incremental amounts in respect of dealers performance incentives, inventory provisioning based on ageing analysis.

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

The company registered improvement in cash inflows from customers due to enhanced control on customer credit, increase in sundry creditors as well as decrease in advance tax deposits as a resultant of lower income in the period as compared to same period previous year.

37.5 Reconciliation of operating cash flow:

	31 Mar 2019	31 Mar 2018
Cash flows from operating activities		
Profit before taxation	252,077,685	326,349,750
Adjustment for:		
Depreciation	110,396,084	102,901,700
Amortization	1,486,170	979,620
Tax adjustment	-	(4,926,690)
Foreign exchange loss	1,371,024	3,003,283
Finance expenses	9,145,796	10,663,835
Finance income	(8,850,378)	(14,339,216)
Other income	(2,519,690)	(2,115,000)
	<u>363,106,692</u>	<u>422,517,282</u>
Increase/decrease in trade and other receivables	(52,944,462)	(303,919,089)
Increase/decrease in inventories	(216,279,013)	(354,967,287)
Increase/decrease in trade and other payables	135,720,196	155,995,700
Cash generated from operating activities	<u>229,603,413</u>	<u>(80,373,394)</u>
Interest received from bank deposit	1,186,954	1,442,086
Income tax paid	(31,652,132)	(67,710,704)
Net cash (used in)/from operating activities	<u>199,138,237</u>	<u>(146,642,014)</u>

38 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 958,887,977 (31 Mar 2018: Tk 681,051,703). 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 516,983,938 (31 Mar 2018: Tk 288,102,361) and letter of guarantee of Tk 84,157,423 (31 Mar 2018: Tk 84,024,047).