

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 September 2019


RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 September 2019

	Notes	30 Sep 2019 Taka	31 Dec 2018 Taka
Assets			
Property, plant and equipment	4	3,059,220,870	3,200,651,808
Investment property	5	683,272,342	691,149,776
Right of use assets	6	91,800,468	-
Intangible assets	7	8,068,855	11,916,384
Capital work-in-progress	8	120,258,657	127,781,532
Total non-current assets		<u>3,962,621,192</u>	<u>4,031,499,500</u>
Inventories	9	2,937,618,948	3,005,616,081
Trade and other receivables	10	808,762,462	871,791,127
Advances, deposits and prepayments	11	440,889,498	322,820,432
Advance income tax	12	3,383,562,657	3,125,317,011
Cash and cash equivalents	13	895,232,334	829,807,227
Total current assets		<u>8,466,065,899</u>	<u>8,155,351,878</u>
Total assets		<u>12,428,687,091</u>	<u>12,186,851,378</u>
Equity			
Share capital	14	4,279,687,010	3,890,624,560
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,370,663,758	1,628,694,442
Equity attributable to equity holders of the company		<u>7,123,998,747</u>	<u>6,992,966,981</u>
Non-controlling interests		<u>1,344</u>	<u>1,546</u>
Total equity		<u>7,124,000,091</u>	<u>6,992,968,527</u>
Liabilities			
Borrowings	19	1,860,620	88,203,349
Deferred tax liability	17	188,562,182	197,934,495
Lease liability	20	90,521,765	-
Total non-current liabilities		<u>280,944,567</u>	<u>286,137,844</u>
Employees benefits payable	18	18,065,062	-
Borrowings	19	154,506,639	309,652,416
Lease liability	20	14,005,256	-
Trade and other payables	21	582,539,955	528,659,578
Accrued expenses	22	496,016,873	531,601,160
Provision for income tax	23	3,758,608,648	3,537,831,853
Total current liabilities		<u>5,023,742,433</u>	<u>4,907,745,007</u>
Total liabilities		<u>5,304,687,000</u>	<u>5,193,882,851</u>
Total equity and liabilities		<u>12,428,687,091</u>	<u>12,186,851,378</u>

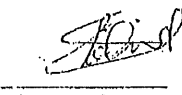
The accompanying notes are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dated, 23 October 2019

RAK Ceramics (Bangladesh) Ltd.
Consolidated profit or loss and other comprehensive income
for the period ended 30 September 2019

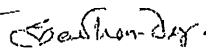
	Notes	10 Sep 2019 Taka	10 Sep 2018 Taka	July to Sep 2019 Taka	July to Sep 2018 Taka
Sales	24	4,947,154,827	5,003,375,972	1,776,336,781	1,704,561,246
Cost of sales	25	(3,199,087,315)	(3,205,865,417)	(1,189,081,851)	(1,095,023,356)
Gross profit		1,748,067,512	1,797,510,555	588,754,932	609,537,891
Other income	26	11,700,036	6,494,381	979,139	2,167,493
Administrative expenses	27	(287,249,757)	(294,013,127)	(90,580,125)	(90,156,796)
Impairment loss on trade receivable	27.1	(3,172,584)	-	(1,174,858)	-
Marketing and selling expenses	28	(678,878,727)	(644,507,871)	(227,835,411)	(220,098,378)
Profit from operating activities		790,466,480	875,483,938	270,141,877	301,450,209
Finance income	29	18,674,490	32,830,427	7,342,574	6,826,902
Finance expenses	30	(25,180,514)	(32,545,336)	(5,893,473)	(7,515,375)
Net finance income		(6,506,024)	285,091	1,449,101	(688,393)
Profit before contribution to worker's profit participation and welfare fund		783,960,456	875,769,029	271,591,978	300,761,916
Contribution to worker's profit participation and welfare fund	31	(38,637,249)	(40,720,592)	(12,213,741)	(12,302,137)
Profit before income tax		745,323,207	835,048,437	259,379,237	288,459,679
Income tax expense	32	(240,776,795)	(221,636,978)	(68,469,571)	(69,763,313)
Current tax	17	9,372,313	(13,153,756)	828,373	(4,900,017)
Deferred tax		(211,104,482)	(234,790,734)	(67,641,198)	(74,663,330)
Profit for the period		533,918,725	600,257,703	191,738,039	213,796,349
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		533,918,725	600,257,703	191,738,039	213,796,349
Profit attributable to:					
Equity holders of the company		533,918,527	600,257,369	191,737,990	213,796,223
Non-controlling interests		198	334	49	126
Profit after tax for the period		533,918,725	600,257,703	191,738,039	213,796,349
Basic earnings per share (Par value TK 10)	37	1.25	1.40	0.45	0.50

The accompanying notes are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dated, 23 October 2019

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
for the period ended 30 September 2019

	Attributable to owners of the Company					Non- controlling interests Taka	Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total 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	-	-	600,257,369	600,257,369	334	600,257,703	
Profit/(loss) for the period	-	-	(353,693,141)	(353,693,141)	(400)	(353,693,541)	
Cash dividend (2017)	-	-	(353,693,150)	-	-	-	
Stock dividend (2017)	353,693,150	-	(353,693,150)	-	-	-	
Balance as at 30 September 2018	<u>3,890,624,560</u>	<u>1,473,647,979</u>	<u>1,338,327,048</u>	<u>6,702,599,587</u>	<u>1,458</u>	<u>6,702,601,045</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	-	-	533,918,527	533,918,527	198	533,918,725	
Profit/(loss) for the period	-	-	(389,062,456)	(389,062,456)	(400)	(389,062,856)	
Transactions with the shareholders:							
Cash dividend (2018)	389,062,450	-	(389,062,450)	-	-	-	
Stock dividend (2018)	4,279,687,010	1,473,647,979	1,370,663,758	7,123,998,747	1,344	7,124,000,091	
Balance as at 30 September 2019	<u>4,279,687,010</u>	<u>1,473,647,979</u>	<u>1,370,663,758</u>	<u>7,123,998,747</u>	<u>1,344</u>	<u>7,124,000,091</u>	

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
for the period ended 30 September 2019

	<u>30 Sep 2019</u>	<u>30 Sep 2018</u>
	Taka	Taka
Cash flows from operating activities		
Cash receipts from customers	5,013,675,343	4,752,553,609
Cash payments to suppliers and employees	<u>(3,889,786,697)</u>	<u>(4,515,656,118)</u>
Cash generated from operating activities	<u>1,123,888,646</u>	<u>236,897,491</u>
Interest received from bank deposit	4,513,769	4,090,085
Income tax paid	<u>(258,245,646)</u>	<u>(215,753,014)</u>
Net cash (used in)/from operating activities (note-37.5)	<u>870,156,769</u>	<u>25,234,562</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(162,015,747)	(179,328,445)
Sale of property, plant and equipment	121,500	11,550
Disposal proceeds of associate	-	74,025,000
Interest received from FDR	10,374,194	27,769,066
Income from rental	2,529,129	4,275,000
Intangible assets	(771,526)	(11,950,323)
Dividend received	200	200
Net cash (used in)/from investing activities	<u>(149,762,250)</u>	<u>(85,197,952)</u>
Cash flows from financing activities		
Finance charges	(12,136,633)	(42,472,037)
Avail/(repayment) of term loan	(86,342,729)	(204,181,346)
Avail/(repayment) of short-term loan	(155,145,778)	(272,953,406)
Payment of lease liability	(15,103,342)	-
Dividend paid	(386,876,003)	(351,936,430)
Unclaimed share application refund	(8,160)	(19,200)
Adjustment related with non-controlling interest	(400)	(400)
Net cash (used in)/from financing activities	<u>(655,613,045)</u>	<u>(871,562,819)</u>
Effect of exchange rate changes in cash and cash equivalents	643,633	365,333
Net increase/(decrease) in cash and cash equivalents	<u>65,425,107</u>	<u>(931,160,876)</u>
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 30 September (Note 13)	<u>895,232,334</u>	<u>451,198,330</u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements as at and for the period ended 30 September 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, wash room sets and all types of sanitary ware. It has started its commercial production on 12 November 2000. The commercial production of its new sanitary ware plant, expansion unit of ceramics facilities, tiles and sanitary plant was started on 10 January 2004, 1 July 2004, 1 September 2007, 1 April 2015 and 17th May 2016 respectively.

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

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

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

RAK Security and Services (Pvt.) Limited

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

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (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 October 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 nine months from 1 January to 30 September 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. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment. Ongoing repairs and maintenance is expensed as incurred.

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

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

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

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

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

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

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

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

3.6 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 months is measured as loss allowance on that financial instrument.

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

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

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 2019.

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 2018/2019 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

30 Sep 2019

Amounts in Taka

Particulars	C O S T			D E P R E C I A T I O N					Net book value as at 30 Sep 2019
	Balance as at 01 Jan 2019	Addition during the period	Sale/ disposal during the period	Balance as at 30 Sep 2019	Rate (%)	Balance as at 01 Jan 2019	Charged during the period	Adjustment during the period	
Land	338,570,507	-	-	338,570,507		-	-	-	338,570,507
Factory building	999,375,345	36,451,471	-	1,035,826,815	2.5-5	382,353,134	38,508,609	-	420,861,742
Office building	204,836,622	9,581,082	-	214,417,703	2.5-5	111,325,399	8,064,718	-	119,390,117
Plant and machinery	5,387,988,133	113,404,194	-	5,501,392,327	5-10	3,452,988,485	228,101,136	-	3,681,089,622
Mobile plant	135,573,374	82,366	-	135,655,740	10	99,008,863	3,456,181	-	102,465,044
Electrical installation	242,630,147	-	-	242,630,147	10-20	193,187,791	5,741,885	-	43,700,470
Gas pipeline	77,047,294	2,391,051	-	79,438,345	10-20	52,329,342	2,959,167	-	24,149,836
Furniture and fixtures	40,827,059	3,530,241	-	44,357,299	10	27,704,762	1,772,412	-	14,880,126
Office equipment	113,918,875	1,807,617	-	115,726,492	10-20	74,241,892	14,102,601	-	27,381,999
Communication equipment	14,768,857	1,074,674	-	15,843,531	10-20	8,599,956	1,505,948	-	88,344,494
Tools and appliances	19,113,047	64,050	-	19,177,097	10-20	10,304,624	1,295,196	-	10,105,904
Vehicles	89,762,354	1,151,876	(152,828)	90,761,402	10-20	51,715,558	5,342,833	(33,957)	11,599,820
Fire lighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	57,024,436
Total	7,668,042,626	169,538,622	(152,828)	7,837,428,420		4,467,390,818	310,850,685	(33,957)	4,778,207,550

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	
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	-	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
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
Mobile plant	122,434,617	13,138,757	-	135,573,374	10	90,904,362	8,104,501	-	99,008,863
Electrical installation	241,464,647	1,165,500	-	242,630,147	10-20	183,208,804	9,978,987	-	49,442,356
Gas pipeline	77,047,294	-	-	77,047,294	10-20	48,717,653	3,611,689	-	193,187,791
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
Office equipment	110,835,457	3,083,418	-	113,918,875	10-20	55,288,970	18,942,922	-	74,241,892
Communication equipment	12,231,404	2,537,453	-	14,768,857	10-20	6,853,414	1,746,542	-	8,599,956
Tools and appliances	17,669,297	1,443,750	-	19,113,047	10-20	8,355,786	1,948,838	-	10,304,624
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
Fire lighting 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

5 Investment Property

30 Sep 2019

Particulars	COST			Rate	DEPRECIATION			Net book value as at 30 Sep 2019
	Balance as at 01 Jan 2019	Addition during the period	Sale/disposal during the period		Balance as at 01 Jan 2019	Charged during the period	Adjustment during the period	
Land ¹	500,571,750	-	-	-	-	-	-	500,571,750
Office building ²	210,636,382	-	-	5%	20,058,356	7,877,434	27,935,790	182,700,592
	711,208,132	-	-		20,058,356	7,877,434	27,935,790	683,272,342

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 01 Jan 2018	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-	-	-	-	-	500,571,750
Office building ²	210,636,382	-	-	5%	9,526,255	10,532,101	20,058,356	190,578,026
Total	711,208,132	-	-		9,526,255	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>30 Sep 2019</u> Taka	<u>30 Sep 2018</u> Taka
5.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 25)	281,272,236	280,678,297
Administrative expenses (Note 5.2)	34,015,668	33,123,218
Marketing & selling expenses (Note 28)	3,440,215	3,259,669
	<u>318,728,119</u>	<u>317,061,184</u>
5.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 27)	26,138,234	25,245,784
Depreciation on investment property (Note 27)	7,877,434	7,877,434
	<u>34,015,668</u>	<u>33,123,218</u>

5.3 Disposal of property, plant and equipment

30 Sep 2019

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Motor Bike	152,828	33,957	118,870	121,500	2,630
Total	152,828	33,957	118,870	121,500	2,630

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

30 Sep 2019

Particulars	COST			DEPRECIATION				Net book value as at 30 Sep 2019
	Balance as at 01 Jan 2019	Addition during the period	Sale/disposal during the period	Balance as at 30 Sep 2019	Balance as at 01 Jan 2019	Charged during the period	Adjustment during the period	
Display centre	117,152,245	-	(58,242,257)	58,909,988	15,407,718	5,067,232	-	20,474,950
Accommodation Building	2,613,422	637,379	-	3,250,801	362,770	1,033,148	-	1,395,918
Warehouse	-	53,640,936	-	53,640,936	-	3,145,269	-	3,145,269
Office Building	3,479,587	-	-	3,479,587	1,812,285	652,423	-	2,464,708
	123,245,254	54,278,315	(58,242,257)	119,281,312	17,582,773	9,898,072	-	27,480,845

Allocation of Depreciation

Administrative expenses (Note:27)	1,685,571
Marketing & Selling expenses (Note:28)	8,212,501
	<u>9,898,072</u>

	30 Sep 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	771,526	11,950,323
	12,687,910	17,379,350
Less: Amortisation during the period (Note-27)	4,619,055	5,462,966
Balance as at 30 September	8,068,855	11,916,384
8 Capital Work-in-Progress		
Balance as at 1 January	127,781,532	41,415,719
Add: Addition during the period	152,720,788	259,518,324
	280,502,320	300,934,043
Less: Transfer to property, plant & equipment and investment Prperty (8.1)	160,243,663	173,152,511
Balance as at 30 September	120,258,657	127,781,532
8.1 Items transferred from capital work in progress to property, plant & equipment		
Factory building	37,716,138	52,019,988
Plant & machinery	100,681,182	112,846,905
Mobile plant	-	7,826,143
Communication equipment	-	345,362
Others	21,846,343	114,113
	160,243,663	173,152,511
9 Inventories		
Raw materials	754,154,743	839,612,529
Less : Provision for slow moving & obsolete inventories	25,265,798	-
	728,888,945	839,612,529
Stores and consumables spares and packing	989,627,417	1,043,685,123
Less: Write off for stores, consumables and packing during the period	-	31,843,008
	989,627,417	1,011,842,115
Finished goods (net of net realizable value adjustment)	908,031,099	872,171,284
Less : Provision for slow moving & obsolete inventories	14,198,237	-
	893,832,862	872,171,284
Work-in-process	100,353,448	105,323,515
Goods-in-transit	224,916,277	176,666,638
	2,937,618,948	3,005,616,081

	30 Sep 2019	31 Dec 2018
	Taka	Taka
10 Trade and other receivables		
Trade receivables (Note 10.1)	736,202,460	805,880,110
	<u>736,202,460</u>	<u>805,880,110</u>
Receivable against insurance claim	56,976,730	56,976,730
Accrued interest (Note 10.2)	6,795,813	3,009,287
Accrued rental income	8,723,559	5,925,000
Other receivable	63,900	-
	<u>808,762,462</u>	<u>871,791,127</u>
10.1 Trade receivables		
Receivables from local sales	742,976,475	809,481,541
	<u>742,976,475</u>	<u>809,481,541</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	2,039,169	348,092
Related parties	4,734,846	3,253,339
	<u>736,202,460</u>	<u>805,880,110</u>
10.2 Accrued interest		
Interest accrued on FDR	6,795,813	3,009,287
	<u>6,795,813</u>	<u>3,009,287</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	71,508	175,500
Land advance & others	8,049,480	7,185,449
Suppliers against material & services	161,873,700	94,233,766
	<u>169,994,688</u>	<u>101,594,715</u>
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)	76,925,096	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
	<u>211,007,090</u>	<u>163,158,855</u>
Prepayments:		
Showroom, warehouse & office rent	14,625,193	12,454,619
Insurance and others	45,262,527	45,612,243
	<u>59,887,720</u>	<u>58,066,862</u>
	<u>440,889,498</u>	<u>322,820,432</u>

	<u>30 Sep 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	1,019,722,625	1,393,216,802
Rebate of input VAT	393,293,532	418,046,905
	<u>1,459,593,018</u>	<u>1,854,341,774</u>
Less: SD & VAT on sales	1,271,946,685	1,805,059,097
Payable- SD & VAT	107,384,337	-
Others payable	3,336,899	2,705,815
	<u>1,382,667,921</u>	<u>1,807,764,912</u>
Balance as at 30 September	<u>76,925,096</u>	<u>46,576,861</u>

12 Advance Income Tax

Balance as at 1 January	3,125,317,011	2,831,624,003
Add: Paid during the period	258,245,646	299,845,698
Less: Adjusted during the period	-	6,152,690
Balance as at 30 September (Note - 12.1)	<u>3,383,562,657</u>	<u>3,125,317,011</u>

12.1 Payment for the period

Income year

Current period	184,849,018	-
Year 2018	314,338,282	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>3,383,562,657</u>	<u>3,125,317,011</u>

	30 Sep 2019 Taka	31 Dec 2018 Taka
13 Cash and cash equivalents		
Cash in hand	2,091,769	5,267,464
Cash at banks		
HSBC (current account -001-013432-011, 107580-011, 096015-011, 096007-011 BDT)	31,632,169	44,563,430
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	146,972,151	27,557,487
Brac Bank Ltd. (current account - 1530201731248001 - BDT)	9,317,538	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)	2,139,147	1,519,425
HSBC (ERQ account - 001-013432-047 - USD)	12,928,736	15,969,457
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	877,542	713,861
Standard Chartered Bank (Margin money account)	3,319,200	3,834,947
United Commercial Bank (SND account - 0831301000000164 BDT)	5,873,710	9,233,763
Eastern Bank Ltd. (SND account - 1131350237146 - BDT)	90,148,388	48,550,824
Eastern Bank Ltd. (SND account - 1131350237393 WH - BDT)	1,779,007	-
EXIM Bank (SND account - 01513100031877 - BDT)	502,182	493,820
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	1,052,900	53,650
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	74,543,848	117,790,656
Dutch Bangla Bank Ltd. (SND account - 117-120-376 (WH)- BDT)	139,946	-
BRAC Bank (SND - 1513101731248001 - BDT)	361,696	360,789
Prime Bank Ltd. (SND - 12531010022563 - BDT)	11,171,111	5,741,297
Dhaka Bank Ltd (SND - 102.150.274- BDT))	11,525,214	39,444,913
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	25,000	9,811
Dhaka Bank Ltd (CD - 204100000019318- BDT))	236,909	599,154
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	26,070,890	65,731,073
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	20,305,439	30,234,529
Midland Bank Ltd. (SND 0006-1070000015 - BDT)	1,266,485	11,420,033
	<u>452,351,247</u>	<u>431,012,298</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,432,867	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)	153,606	153,455
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,599	126,440
	<u>6,632,573</u>	<u>6,634,316</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,611,166	2,614,781
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,196,843	2,200,512
SCB (Current - 02-6162940-02- BDT) - 2012	3,865,050	3,858,070
SCB (Current - 02-6162940-03- BDT) - 2013	16,844,753	16,816,804
SCB (Current - 02-6162940-04- BDT) - 2014	4,995,462	4,986,605
SCB (Current - 02-6162940-05- BDT) - 2015	3,836,234	3,832,380
SCB (Current - 02-6162940-06- BDT) - 2016	4,298,296	4,326,361
SCB (Current - 02-6162940-07- BDT) - 2017	1,715,145	1,790,467
SCB (Current - 02-6162940-08- BDT) - 2018	2,286,890	-
	<u>42,649,839</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.	100,000,000	150,000,000
Dhaka Bank Ltd.	250,000,000	150,000,000
Meghna Bank Ltd.	-	5,000,000
	<u>391,506,906</u>	<u>346,467,169</u>
Total	<u>895,232,334</u>	<u>829,807,227</u>

	30 Sep 2019		31 Dec 2018	
	Taka		Taka	
14 Share Capital				
Authorised :				
600,000,000 ordinary shares of Taka 10/- each		<u>6,000,000,000</u>		<u>6,000,000,000</u>
Issued, subscribed, called and paid up :				
427,968,701 ordinary shares of Taka 10/- each		<u>4,279,687,010</u>		<u>3,890,624,560</u>
Percentage of shareholdings :				
	2019		2018	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,650,785,740
S.A.K. Ekramuzzaman	3.95	168,958,240	3.95	153,598,410
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	340	0.00	310
Sheikh Omer Bin Saqr Al Qassimi	0.00	340	0.00	310
Sheikh Ahmad Bin Humaid al Qassimi	0.00	340	0.00	310
Hamad Abdulla Al Muttawa	0.00	160	0.00	150
Dr. Khater Massaad	0.00	160	0.00	150
Abdallah Massaad	0.00	160	0.00	150
Manoj Uttamrao Ahire	0.00	160	0.00	150
General Public	27.92	1,194,862,800	27.92	1,086,238,880
	<u>100.00</u>	<u>4,279,687,010</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, 18 April 2018 and 09 April 2019.

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2019	2018	2019	2018
01-499 shares	20,690	22,333	5,091,053	5,070,691
500 to 5,000 shares	8,498	8,992	13,969,961	14,323,202
5001 to 10,000 shares	1,065	1,018	7,488,970	7,132,096
10,001 to 20,000 shares	559	521	7,752,221	7,268,499
20,001 to 30,000 shares	175	152	4,279,955	3,787,490
30,001 to 40,000 shares	78	73	2,682,027	2,520,150
40,001 to 50,000 shares	47	48	2,084,629	2,169,779
50,001 to 100,000 shares	102	93	6,936,790	6,487,948
100,001 to 1,000,000 shares	109	92	27,671,147	24,171,658
1,000,001 to 1,000,000,000 Shares	14	13	350,011,948	316,130,943
	<u>31,337</u>	<u>33,335</u>	<u>427,968,701</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	2018
		Taka	Taka
10,000,000	30	300,000,000	300,000,000
34,510,000	38	<u>1,311,380,000</u>	<u>1,311,380,000</u>
		1,611,380,000	1,611,380,000
Less : Share issue expenses		<u>137,732,021</u>	<u>137,732,021</u>
	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	<u>533,918,527</u>	<u>890,624,761</u>
	2,148,788,664	2,336,080,731
Less: Dividend declared during the period	<u>(78,124,906)</u>	<u>(707,386,291)</u>
Balance as on 30 September	<u>1,370,663,758</u>	<u>1,628,694,440</u>

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

	30 Sep 2019 Taka	31 Dec 2018 Taka
17 Deferred tax liabilities		
Balance as at 1 January	197,934,495	178,813,760
Less : Deferred tax (income)/expenses	(9,372,313)	19,120,735
Balance as at 30 September	<u>188,562,182</u>	<u>197,934,495</u>

	Carrying amount on the date of statement of financial position Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
As at 30 September 2019			
Property, plant and equipment (Excluding land and others)	2,824,605,581	2,051,063,077	773,542,504
Trade receivable	704,541,582	710,876,528	(6,334,946)
Inventory	2,870,024,953	2,917,363,316	(47,338,363)
Net taxable temporary difference			<u>719,869,195</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>188,562,182</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>755,268,932</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>197,934,495</u>

18 Employees benefits payable

Provident fund	10,212,747	-
Gratuity fund	7,852,315	-
	<u>18,065,062</u>	<u>-</u>

	2019		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	47,041,464	24,941,436	71,982,900
	47,041,464	24,941,436	71,982,900
Less: Payments made to fund during the period	36,828,717	17,089,121	53,917,838
Balance as at 30 September	<u>10,212,747</u>	<u>7,852,315</u>	<u>18,065,062</u>

Provision and payment includes BDT. 1,887,354 for the period 2019 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.

	2018		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	61,860,370	33,220,831	95,081,200
	61,860,370	33,220,831	95,081,200
Less: Payments made to fund during the year	61,860,370	33,220,831	95,081,200
Balance as at 31 December	<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	156,367,258	362,201,591
Current portion of term loan	(154,506,639)	(273,998,242)
	<u>1,860,620</u>	<u>88,203,349</u>
Current:		
Bank overdrafts	-	35,654,174
Current portion of term loan	154,506,639	273,998,242
	<u>154,506,639</u>	<u>309,652,416</u>
Balance as at 30 September	<u>156,367,258</u>	<u>397,855,765</u>

19.1 Borrowings by maturity

At 30 September 2019	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	-	-	-	-
Term loan	154,506,639	1,860,620	-	156,367,258
	154,506,639	1,860,620	-	156,367,258
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	156,367,258	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			

30 Sep 2019 31 Dec 2018
Taka Taka

20 Lease liability

Non-current:

Lease liability

104,527,021

Less : Current portion of lease liability

14,005,256

90,521,765

Current:

Current portion of lease liability

14,005,256

Lease liability schedule

Particulars	Balance as on 01 January, 2019	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 30 September 2019
Display center	114,917,849	(64,532,435)	8,380,012	6,221,824	2,158,188	48,227,226
Accommodation Building	2,497,978	637,379	1,149,234	119,953	1,029,281	2,106,076
Warehouse	-	53,640,936	4,719,096	3,970,390	748,706	52,892,230
Office Building	2,070,958	-	855,000	85,532	769,468	1,301,489
	119,486,785	(10,254,120)	15,103,342	10,397,699	4,705,643	104,527,021

21 Trade and other payables

Trade payables

Payable to local suppliers

91,672,341

109,881,660

Payable to foreign suppliers

315,862,821

265,572,347

Payable to service provider

31,333,089

20,171,194

Payable to C & F agent

3,511,299

11,187,712

442,379,550

406,812,913

Other payables

Tax deducted at source

13,975,607

18,295,834

VAT deducted at source

7,102,907

6,765,578

Dividend Payable

41,760,644

39,574,191

Unclaimed share application

20,810,756

20,818,916

Advance from customer against sales

11,685,758

10,893,079

Security deposit payable

1,631,789

1,658,392

Payable to employees

1,453,030

658,229

Provisional liabilities - material & services

41,739,914

23,182,446

140,160,405

121,846,665

582,539,955

528,659,578

	30 Sep 2019	31 Dec 2018
	Taka	Taka
22 Accrued expenses		
Power and gas	40,044,830	33,809,781
Staff cost	86,811,261	101,868,611
Provision for Dealer's commission	21,808,520	-
Audit fees	1,106,750	1,543,750
Professional charges	586,499	451,750
Interest on loans	-	52,889
Telephone	228,971	240,867
Provision for freight	5,246,376	6,236,754
Managing Director's remuneration (Note 22.1)	26,196,055	39,943,228
Worker's profit participation and welfare fund (Note 22.2)	38,637,249	58,913,315
Royalty and technical know-how fees (Note 22.3)	264,484,028	284,211,437
Others	10,864,334	4,328,778
	<u>496,016,873</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	<u>26,196,055</u>	<u>39,943,228</u>
	66,139,284	85,668,405
Less: Paid to Managing Director during the period	<u>39,943,228</u>	<u>45,725,177</u>
Balance as at 30 September	<u>26,196,055</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	<u>38,637,249</u>	<u>58,913,315</u>
	97,550,563	126,354,579
Less: Payment made from the fund during the period	<u>58,913,315</u>	<u>67,441,264</u>
Balance as at 30 September	<u>38,637,249</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	<u>61,819,599</u>	<u>94,261,305</u>
	346,031,036	286,113,724
Less: Payment made during the period	<u>81,547,008</u>	<u>1,902,287</u>
Balance as at 30 September	<u>264,484,028</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	<u>220,776,795</u>	<u>316,179,434</u>
	3,758,608,649	3,543,984,544
Less: Provision release during the period	-	6,152,691
Balance as at 30 September (Note 23.1)	<u>3,758,608,648</u>	<u>3,537,831,853</u>
23.1 Provision for income Tax		
Income year		
Current period	220,776,795	-
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>3,758,608,648</u>	<u>3,537,831,853</u>

	30 Sep 2019	30 Sep 2018	July to Sep 2019	July to Sep 2018
	Taka	Taka	Taka	Taka
24 Sales				
Gross sales from Ceramics product	6,227,823,891	6,366,003,589	2,223,677,728	2,167,027,093
Gross sales from Power generation	260,342,634	293,430,966	91,301,570	98,030,344
Gross sales from Security service	94,604,025	139,490,952	27,212,436	46,453,103
	<u>6,582,770,550</u>	<u>6,798,925,507</u>	<u>2,342,191,734</u>	<u>2,311,510,540</u>
Less: Elimination	303,403,316	366,842,938	103,028,801	122,742,004
Supplementary Duty	460,311,338	496,689,455	166,329,181	165,260,801
VAT	825,653,291	847,533,710	292,094,794	286,456,778
Discount	46,247,778	84,483,432	3,902,175	32,489,711
Net sales	<u>4,947,154,827</u>	<u>5,003,375,972</u>	<u>1,776,836,783</u>	<u>1,704,561,246</u>
25 Cost of sales				
Materials consumed:				
Opening inventory as at 1 January	839,612,529	655,088,511	927,909,166	849,069,412
Add: Purchase during the period	<u>1,551,032,791</u>	<u>2,221,057,774</u>	<u>400,226,717</u>	<u>789,994,040</u>
	<u>2,390,645,320</u>	<u>2,876,146,285</u>	<u>1,328,135,883</u>	<u>1,639,063,452</u>
Less: Closing inventory as at 30 September	<u>754,154,743</u>	<u>1,022,328,831</u>	<u>754,154,743</u>	<u>1,022,328,831</u>
	<u>1,636,490,577</u>	<u>1,853,817,454</u>	<u>573,981,140</u>	<u>616,734,621</u>
Manufacturing overhead:				
Direct labour (Note 25.1.1)	449,847,790	443,915,251	139,399,776	147,591,058
Direct expenses:				
Power and gas	154,328,479	176,479,072	55,593,438	55,246,533
Repairs and indirect materials (25.1.2)	520,281,801	603,216,108	180,012,462	204,569,211
Rental charges	-	702,517	-	220,962
Depreciation on property, plant & equipment (note - 5.2)	281,272,236	280,678,297	93,935,838	95,813,861
Royalty and technical know-how/assistance fees (25.1.3)	61,819,599	65,152,946	19,541,986	19,683,418
Other production overhead (Note 25.1.4)	34,349,758	74,817,197	10,644,400	33,176,891
Provision for slow moving & obsolete inventories (refer note 9)	39,464,035	-	13,154,678	-
Movement in stock	21,233,040	(292,913,425)	101,818,133	(78,013,199)
	<u>3,199,087,315</u>	<u>3,205,865,417</u>	<u>1,188,081,851</u>	<u>1,095,023,356</u>
25.1.1 Direct labour				
Salary & wages	278,982,954	257,876,151	89,500,023	87,152,372
Overtime	28,786,801	34,899,503	9,154,130	10,503,232
Bonus	34,325,787	38,371,277	7,302,537	11,100,874
Incentive	20,048,464	656,064	6,682,821	606,527
Temporary labour wages	48,463,225	73,020,332	13,687,943	24,631,919
Staff uniform expenses	1,086,532	1,566,143	324,421	713,258
Gratuity	17,182,661	17,241,446	5,520,473	5,818,757
Employer's contribution to provident fund	15,313,993	15,607,699	5,025,714	5,291,687
Leave encashment	3,380,514	2,995,232	1,085,228	1,104,929
Group life insurance	1,835,799	1,657,104	705,426	667,502
Compensation	441,060	24,300	411,060	-
	<u>449,847,790</u>	<u>443,915,251</u>	<u>139,399,776</u>	<u>147,591,058</u>
25.1.2 Repairs and indirect materials				
Stores, spares, repair & maintenance	265,499,905	309,518,436	91,626,506	104,522,557
Packing expenses	254,781,896	293,697,672	88,385,956	100,046,654
	<u>520,281,801</u>	<u>603,216,108</u>	<u>180,012,462</u>	<u>204,569,211</u>
25.1.3 Royalty and technical know-how/assistance fees				
Royalty and technical know-how/assistance fees	61,819,599	65,152,946	19,541,986	19,683,418
	<u>61,819,599</u>	<u>65,152,946</u>	<u>19,541,986</u>	<u>19,683,418</u>
25.1.4 Other production overhead				
Hotel fare and expenses for technician	2,743,481	4,084,454	1,116,173	1,123,269
Demurrage	1,930,924	13,440,089	679,112	6,902,408
Insurance	19,960,429	14,648,780	7,370,642	5,729,588
Hiring charges and transportation	5,657,959	15,357,025	320,047	3,998,051
Write off for stores, consumables and packing	-	21,170,571	-	13,542,674
Other expenses	4,056,965	6,116,278	1,158,426	1,880,901
	<u>34,349,758</u>	<u>74,817,197</u>	<u>10,644,400</u>	<u>33,176,891</u>

	30 Sep 2019 Taka	30 Sep 2018 Taka	July to Sep 2019 Taka	July to Sep 2018 Taka
26 Other income				
Dividend income	200	200	-	-
Miscellaneous income	79,340	145,270	79,340	48,583
Rental income	5,327,688	6,345,002	899,999	2,115,001
Profit on sale of fixed assets	2,630	3,909	-	3,909
Gain on retirement of right of use assets	6,290,178	-	-	-
	11,700,036	6,494,381	979,339	2,167,493

27 Administrative expenses				
Staff cost (note-27.2)	142,467,164	142,038,160	45,505,850	48,808,365
Annual General Meeting expenses	4,912,634	14,702,256	258,898	596,427
Telephone and postage	4,309,415	3,010,837	1,216,386	804,466
Office repair and maintenance (note 27.3)	8,842,758	7,124,169	3,460,234	2,123,541
Registration and renewal	618,321	1,357,591	179,941	484,427
Security and guard expenses	9,019,195	8,739,478	3,061,982	3,260,921
Electricity, gas and water	6,279,242	5,106,448	2,704,785	1,717,710
Depreciation on property, plant & equipment (note - 5.2)	26,138,234	25,245,784	9,031,762	8,670,423
Depreciation on investment property (5.2)	7,877,434	7,877,434	2,654,666	2,654,666
Depreciation on right of use assets (note-6)	1,685,571	-	597,266	-
Amortisation	4,619,055	3,964,172	1,573,808	1,480,441
Legal and professional fees	7,679,103	5,343,657	2,512,972	1,914,997
Vehicle repair and maintenance	10,889,800	7,971,977	3,052,777	2,839,353
Rent, rate and tax	4,248,545	5,751,269	376,493	1,291,684
CSR expenses	-	-	-	(12,500)
IT expenses	3,534,278	3,613,423	1,354,096	1,045,113
General Servicing	7,239,873	6,794,087	3,230,636	2,080,217
Donation	697,500	3,432,137	155,000	390,000
Managing Director's remuneration (note-27.4)	26,196,055	27,608,561	8,280,917	8,340,849
Technical consultancy & others	9,995,582	4,331,687	1,371,656	1,665,696
	287,249,757	284,013,127	90,580,125	90,156,796

Rent, rates and taxes includes rent expenses for short term lease for BDT. 1,018,000. No low value item exists at the reporting period.

27.1 Impairment loss on trade receivable				
Unrelated parties	1,691,077	-	536,326	-
Related parties	1,481,507	-	638,532	-
	3,172,584	-	1,174,858	-

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	104,978,940	102,595,592	33,233,464	34,924,731
Overtime	26,364	-	8,350	-
Bonus	12,959,418	15,664,314	2,724,780	4,622,171
Incentive	-	311,969	-	50,000
Gratuity	5,800,351	5,872,267	1,851,505	1,998,496
Employer's contribution to provident fund	5,551,448	5,772,687	1,815,366	1,961,959
Leave encashment	1,192,168	1,106,025	378,502	410,529
Group life insurance	574,190	548,491	225,862	232,266
Canteen and conveyance expenses	6,671,052	5,872,019	3,188,180	2,678,373
Staff uniform expenses	695,921	760,032	191,451	135,833
Travelling expenses	1,462,855	2,533,266	727,961	1,293,622
Compensation	92,340	-	92,340	-
Medical expenses	957,931	843,278	284,495	447,645
Accommodation expenses	1,228,362	-	645,950	-
Other employee benefit	275,824	158,220	137,644	52,740
	142,467,164	142,038,160	45,505,850	48,808,365

27.3 Office repair & maintenance				
Repairs office equipment	716,495	85,231	29,774	25,901
Office maintenance	8,126,263	7,038,938	3,430,460	2,097,640
	8,842,758	7,124,169	3,460,234	2,123,541

27.4 Managing Director's remuneration				
Provision made during the period	26,196,055	27,608,561	8,280,917	8,340,849
	26,196,055	27,608,561	8,280,917	8,340,849

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

	30 Sep 2019 Taka	30 Sep 2018 Taka	July to Sep 2019 Taka	July to Sep 2018 Taka
28 Marketing & selling expenses				
Staff cost (note-28.1)	44,465,862	38,668,134	14,392,453	13,271,475
Advertisement	7,554,817	8,118,915	3,089,048	1,027,010
Freight and transportation	186,024,644	198,423,074	60,112,470	69,990,717
Performance rebates (note-28.3)	382,080,097	347,899,414	131,542,913	119,875,645
Business promotion	26,707,089	23,070,617	10,603,047	6,581,199
Depreciation on property, plant & equipment	3,440,215	3,259,669	1,058,589	1,147,155
Depreciation on right of use assets (note-6)	8,212,501	-	2,428,113	-
Showroom & office rent	3,862,097	12,576,600	1,046,461	4,143,436
Tax expenses on discount	4,793,122	6,382,762	349,894	2,263,598
Sample expenses	6,878,031	2,994,017	1,684,410	419,628
Travel, entertainment and others	4,860,253	3,114,669	1,528,014	1,378,515
	678,878,727	644,507,871	227,835,411	220,098,378
28.1 Staff cost				
Salary & wages	32,717,117	27,416,874	11,031,580	9,574,288
Bonus	3,324,362	3,106,660	617,477	1,050,016
Incentive	173,977	1,070,293	-	165,300
Gratuity	1,958,423	1,710,796	653,577	601,191
Employer's contribution to provident fund	1,711,614	1,674,975	641,788	586,968
Leave Encashment	400,383	319,660	135,158	122,116
Group life insurance	170,787	151,581	68,781	70,569
Conveyance & food expenses	3,869,279	3,217,295	1,249,092	1,101,027
Compensation	139,920	-	-	-
	44,465,862	38,668,134	14,392,453	13,271,475
28.2 Salary & wages under staff cost (note no. 25.1.1, 27.2 & 28.1) includes employee contribution to provident fund for BDT. 15,313,993, BDT. 5,551,448 & BDT. 1,711,614.				
28.3 Performance rebates				
Compensation to customer	4,116,510	4,949,480	909,439	1,348,169
Dealers' commission	90,130,685	92,990,959	33,465,734	30,848,423
Breakage commission	99,225,704	102,678,556	34,746,431	35,469,142
Dealers' incentive and bonus	188,607,198	147,280,419	62,421,309	52,209,911
	382,080,097	347,899,414	131,542,913	119,875,645
29 Finance income				
Interest on bank account (SND)	4,513,769	4,090,085	1,530,876	641,608
Interest on fixed deposits	14,160,721	24,313,831	5,811,698	1,758,863
Un-winding gain	-	4,426,511	-	4,426,511
	18,674,490	32,830,427	7,342,574	6,826,982
30 Financial expenses				
Interest expenses against loan	11,217,164	28,899,351	2,452,274	9,100,776
Interest expenses against lease liability	10,397,699	-	3,158,587	-
Foreign exchange loss/(gain)	2,699,071	208,915	58,738	(1,980,583)
Bank charges	866,580	3,437,070	223,874	395,182
	25,180,514	32,545,336	5,893,473	7,515,375
31 Contribution to worker's profit participation and welfare fund				
Provision made during the period	38,637,249	40,720,592	12,213,741	12,302,137
	38,637,249	40,720,592	12,213,741	12,302,137
32 Current tax				
Current period	220,776,795	221,636,978	68,469,571	69,763,313
	220,776,795	221,636,978	68,469,571	69,763,313
33 Reconciliation of effective tax rate				
		30 Sep 2019		30 Sep 2018
		Taka		Taka
Profit before tax	%	745,323,207	%	835,048,437
Current tax expenses	29.62%	220,776,795	26.54%	221,636,978
Deferred tax expenses	-1.26%	(9,372,313)	1.58%	13,153,756
Total tax expenses	28.36%	211,404,482	28.12%	234,790,734
Expected income tax using applicable tax rate for individual company	28.45%	212,007,427	28.25%	235,889,121
Prior year adjustment	-	-	-	-
Tax on non-deductible expenses	1.2%	8,769,368	-1.7%	(14,252,142)
Effective current tax	29.62%	220,776,795	26.54%	221,636,978
Effective deferred tax	-1.26%	(9,372,313)	1.58%	13,153,756
	28.36%	211,404,482	28.12%	234,790,734

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 30 Sep 2019	As at 31 Dec 2018	As at 30 Sep 2019	As at 31 Dec 2018
Trade receivables				
Customer-Local	-	-	736,202,460	805,880,110
Customer-Export	-	-	-	-
			736,202,460	805,880,110
Other receivables				
Receivable against insurance claim			56,976,730	56,976,730
Accrued Interest			6,795,813	3,009,287
Accrued rental income			8,723,559	5,925,000
Others			63,900	-
			72,560,002	65,911,017
Cash equivalents			893,140,566	824,539,763

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 30 September 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	310,199,556	308,160,387	2,039,169
Trade receivable-related	10.1	Loan & receivable	Amortized cost	423,810,578	419,075,732	4,734,846
Cash & cash equivalent	13	Loan & receivable	Amortized cost	893,140,566	893,140,566	-

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. 3,172,584.

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 30 September was:

	Amounts in Taka	
	As at 30 Sep 2019	As at 31 Dec 2018
Not past due	669,470,989	745,648,990
0-90 days past due	43,172,983	16,912,926
91-180 days past due	11,745,248	21,642,349
181-365 days past due	7,260,443	12,917,992
over 365 days past due	4,552,797	8,757,853
	736,202,460	805,880,110

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 30 September 2019			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	582,539,955	582,539,955	582,539,955	-
Term loan (foreign)	156,367,258	156,367,258	154,506,639	1,860,620
	738,907,213	738,907,213	737,046,594	1,860,620

	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 30 September 2019				As at 31 Dec 2018			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated assets								
Cash at bank	-	-	163,388	-	-	-	198,729	-
	-	-	163,388	-	-	-	198,729	-

	As at 30 September 2019				As at 31 Dec 2018			
	AED	GBP	USD	EURO	AED	GBP	USD	EURO
Foreign currency denominated liabilities								
Trade payables	-	266,361	2,998,323	362,137	26,250	164,612	2,246,077	631,228
Term loan	-	-	1,850,500	-	-	-	4,314,492	-
Royalty & Technical Fees	-	-	3,129,988	-	-	-	3,385,485	-
	-	266,361	7,978,812	362,137	26,250	164,612	9,946,054	631,228
Net exposure	-	(266,361)	(7,815,424)	(362,137)	(26,250)	(164,612)	(9,747,325)	(631,228)

The Company has foreign exchange loss of Tk 2,699,071 during the period ended 30 September 2019 (30 September 2018: Exchange loss Tk 2,189,499).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	30 Sep 2019	31 Dec 2018
	Taka	Taka
AED	22.9405	22.7911
GBP	103.6129	106.2826
USD	84.0000	83.4500
EURO	92.1623	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 30 September would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 Sep 2019		As at 31 Dec 2018	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 September				
AED (3 percent movement)	-	-	(812)	765
GBP (3 percent movement)	(8,238)	7,758	(5,091)	4,795
USD (3 percent movement)	(241,714)	227,634	(301,464)	283,903
EURO (3 percent movement)	(11,200)	10,548	(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 30 Sep 2019	As at 31 Dec 2018
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	391,506,906	346,467,169
Cash at banks	501,633,660	478,072,594
Financial liabilities		
Term loan (Foreign)	156,367,258	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 30 Sep 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	391,506,906	391,506,906	346,467,169	346,467,169
Loans and receivables				
Trade receivables	736,202,460	736,202,460	805,880,110	805,880,110
Other receivables	72,560,002	72,560,002	65,911,017	65,911,017
Cash equivalents	893,140,566	893,140,566	824,539,763	824,539,763
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	156,367,258	156,367,258	362,201,591	362,201,591
Bank overdraft	-	-	35,654,174	35,654,174
Trade and other payables	582,539,955	582,539,955	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:

	30 Sep 2019	31 Dec 2018
Investment in FDR (local currency/BDT)	1.95%-10.50%	1.95%-8.50%
Bank overdraft (local currency/BDT)	8.00%-10.25%	8%-10.00%
Short term bank loan (local currency/BDT)	9.50%-10.00%	8%-10.00%
Short term bank loan (foreign currency/USD)	Libor + 2.75%	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:

Amounts in Taka

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Dividend income
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	280,342,634 293,430,966	7,868,559 4,683,443	7,868,559 4,683,443	59,775,602 98,030,344	- -	81,999,600 81,999,600
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	41,954,343 72,319,896	- -	- -	4,875,104 21,272,539	- -	4,950,000 3,960,000
RAK Ceramics - UAE	Parent	Unsecured	Nil	Current period Previous period	13,777,607 15,301,057	- -	- -	23,374,948 33,073,384	- -	- -
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current period Previous period	308,936,885 398,219,544	- -	- -	- 45,809,701	- -	- -
Julphar Pharmaceuticals Ltd.	Other related party	Unsecured	Nil	Current period Previous period	- -	2,520,000 3,645,000	- 2,430,000	- -	- -	- -
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	410,085 1,358,061	2,700,000 2,700,000	855,000 1,710,000	44,952 -	- -	- -
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period Previous period	49,614,969 51,843,801	- -	- -	4,403,749 5,333,453	- -	- -
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current period Previous period	11,202,051 12,632,406	- -	- -	- -	- -	- -
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	276,217 1,894,230	- -	- -	- -	- -	- -
Green Planet Communications	Other related party	Unsecured	Nil	Current period Previous period	379,457 8,826,250	- -	- -	- 591,486	- -	- -
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period Previous period	750,363 75,034	- -	- -	- -	- -	- -
Pelikan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	23,810,497 97,662,079	- -	- -	2,370,432 7,772,318	- -	- -
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period Previous period	- -	1,588,698,525 1,680,472,064	423,683,288 436,307,574	- -	- -	- -
S.A.K. - Ekramuzzaman	Key Management Personnel	Unsecured	Nil	Current period Previous period	1,952,959 1,644,966	- -	- -	26,196,055 27,608,561	26,196,055 27,608,561	- -
Imtiaz Hussain	Key Management Personnel	Unsecured	Nil	Current period Previous period	- -	- -	- -	854,572 -	8,658,588 7,960,776	- -

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. 26,196,055.

During the period, Board meeting fees of Taka 115,000 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.

30 Sep 2019

	Business Segments			Entity total Iaka
	Ceramic & sanitary ware Iaka	Power Iaka	Security and Services Iaka	
Revenue - external customers	4,906,142,611	-	41,012,217	4,947,154,828
Revenue - inter segment	-	260,342,634	43,060,682	-
Total segment revenue	4,906,142,611	260,342,634	84,072,899	4,947,154,828
Cost of sales- external customer	(2,942,291,546)	(185,464,024)	(71,331,747)	(3,199,087,316)
Cost of sales- inter segment	(302,296,977)	(7,034,027)	-	-
Total segment cost of sales	(3,244,588,523)	(192,498,051)	(71,331,747)	(3,199,087,316)
Gross profit	1,661,554,088	67,844,583	12,741,152	1,748,067,512
Other income	6,292,808	79,340	-	6,372,148
Dividend income	86,949,600	50,000	200	200
Rental income	13,088,559	-	-	5,327,689
Financial income	17,163,757	1,466,768	43,964	18,674,489
Financial expenses	(25,105,012)	(2,337,642)	(61,582)	(25,180,514)
Depreciation	(307,353,273)	(11,112,453)	(262,393)	(318,728,119)
Other operating expenses	(679,845,538)	3,759,183	(13,123,844)	(689,210,199)
Segment profit before tax	772,744,988	59,749,780	(662,504)	745,323,207
Income tax expense	(200,084,069)	(20,692,726)	-	(220,776,795)
Deferred tax	7,928,173	1,444,140	-	9,372,313
Non -Controlling interest	-	198	(0.03)	198
Profit for the period				<u>533,918,527</u>

30 Sep 2018

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and services	Inter segment	
	Iaka	Iaka	Iaka	Iaka	Iaka
Revenue - external customers	4,955,491,492	-	47,884,480	-	5,003,375,972
Revenue - inter segment	-	293,430,966	73,411,972	(366,842,938)	-
Total segment revenue	4,955,491,492	293,430,966	121,296,452	(366,842,938)	5,003,375,972
Cost of sales- external customer	(2,920,586,586)	(180,164,552)	(105,114,279)	-	(3,205,865,417)
Cost of sales- inter segment	(365,750,862)	(5,775,519)	-	371,526,381	-
Total segment cost of sales	(3,286,337,448)	(185,940,070)	(105,114,279)	371,526,381	(3,205,865,417)
Gross profit	1,669,154,044	107,490,896	16,182,173	-	1,797,510,555
Other income	-	149,179	-	-	149,179
Dividend income	85,959,600	40,000	200	(85,999,600)	200
Rental income	11,028,445	-	-	(4,683,443)	6,345,002
Financial income	27,276,880	1,063,580	63,456	-	28,403,916
Financial expenses	(30,231,561)	(2,307,026)	(6,750)	-	(32,545,336)
Depreciation	(303,476,354)	(13,349,603)	(235,227)	-	(317,061,184)
Other operating expenses	(645,299,222)	6,548,143	(13,429,325)	-	(652,180,404)
Segment profit before tax	814,411,831	99,635,169	2,574,527	-	835,048,437
Income tax expense	(187,858,140)	(33,053,986)	(724,852)	-	(221,636,978)
Deferred tax	(15,008,097)	1,854,341	-	-	(13,153,756)
Non -Controlling interest	-	334	0.09	-	334
Profit for the period	-	-	-	-	600,257,369

	<u>30 Sep 2019</u>	<u>30 Sep 2018</u>
	<u>Taka</u>	<u>Taka</u>
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>533,918,527</u>	<u>600,257,369</u>
No. of ordinary equity shares	<u>427,968,701</u>	<u>427,968,701</u>
Weighted average no. of equity shares outstanding (Note 37.1)	<u>427,968,701</u>	<u>427,968,701</u>
Earnings per share (EPS) for the period	<u>1.25</u>	<u>1.40</u>
Diluted earnings per share for the period	<u>1.25</u>	<u>1.40</u>
Net assets value per share	<u>16.65</u>	<u>17.23</u>
Net operating cash flow per share	<u>2.03</u>	<u>0.06</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>30 Sep 2019</u>	<u>30 Sep 2018</u>
Outstanding shares	389,062,456	389,062,456
Effect of issue of bonus shares for the year 2018	<u>38,906,245</u>	<u>38,906,245</u>
	<u>427,968,701</u>	<u>427,968,701</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 1.12% 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 as well as lower purchase of raw material in the period as compared to same period previous year.

37.5 Reconciliation of operating cash flow:	30 Sep 2019	30 Sep 2018
Cash flows from operating activities		
Profit before taxation	745,323,207	835,048,437
Adjustment for:		
Depreciation	328,626,191	317,061,184
Amortization	4,619,055	3,964,172
Tax adjustment	-	(6,152,691)
Foreign exchange loss	2,699,071	208,915
Finance expenses	22,481,443	32,336,421
Finance income	(18,674,490)	(32,830,427)
Other income	(11,620,695)	(6,349,111)
	<u>1,073,453,781</u>	<u>1,143,286,900</u>
Increase/decrease in trade and other receivables	69,613,751	(250,967,634)
Increase/decrease in inventories	67,997,133	(577,524,296)
Increase/decrease in trade and other payables	(87,176,023)	(77,897,479)
Cash generated from operating activities	<u>1,123,888,646</u>	<u>236,897,491</u>
Interest received from bank deposit	4,513,769	4,090,085
Income tax paid	(258,245,646)	(215,753,014)
Net cash (used in)/from operating activities	<u>870,156,769</u>	<u>25,234,562</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 888,227,095 (30 Sep 2018: Tk 679,945,876). 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 459,271,101 (30 Sep 2018: Tk 343,815,975) and letter of guarantee of Tk 80,798,487 (30 Sep 2018: Tk 84,192,765).