



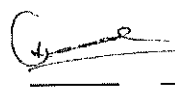
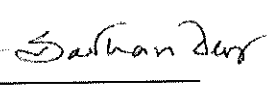
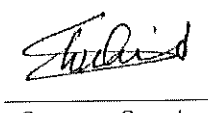
RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 September 2020

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 September 2020

	Notes	<u>30 Sep 2020</u> Taka	<u>31 Dec 2019</u> Taka
Assets			
Property, plant and equipment	4	2,837,435,753	3,002,294,289
Investment property	5	673,356,976	681,433,369
Right of use assets	6	23,421,741	45,836,335
Intangible assets	7	3,514,571	6,495,047
Capital work-in-progress	8	175,851,354	177,641,997
Total non-current assets		<u>3,713,580,395</u>	<u>3,913,701,037</u>
Inventories	9	2,368,316,334	2,785,630,242
Trade and other receivables	10	973,741,031	859,960,257
Advances, deposits and prepayments	11	337,447,459	267,192,251
Advance income tax	12	3,544,526,368	3,434,063,275
Cash and cash equivalents	13	1,301,742,677	1,499,310,101
Total current assets		<u>8,525,773,869</u>	<u>8,846,156,126</u>
Total assets		<u>12,239,354,264</u>	<u>12,759,857,163</u>
Equity			
Share capital	14	4,279,687,010	4,279,687,010
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,048,579,886	1,601,275,518
Equity attributable to equity holders of the company		<u>6,801,914,875</u>	<u>7,354,610,507</u>
Non-controlling interests		1,291	1,393
Total equity		<u>6,801,916,166</u>	<u>7,354,611,900</u>
Liabilities			
Deferred tax liability	17	172,670,585	191,893,149
Lease liability	20	10,410,725	29,374,867
Total non-current liabilities		<u>183,081,310</u>	<u>221,268,016</u>
Employees benefits payable	18	14,968,301	-
Borrowings	19	174,921,673	89,232,918
Lease liability	20	4,756,188	10,101,008
Trade and other payables	21	642,489,318	691,725,531
Accrued expenses	22	512,953,450	558,665,634
Provision for income tax	23	3,904,267,858	3,834,252,156
Total current liabilities		<u>5,254,356,788</u>	<u>5,183,977,246</u>
Total liabilities		<u>5,437,438,098</u>	<u>5,405,245,263</u>
Total equity and liabilities		<u>12,239,354,264</u>	<u>12,759,857,163</u>

The accompanying notes are an integral part of these financial statements

 Chairman	 Managing Director	 Director	 Chief Financial Officer	 Company Secretary
---	--	---	---	--

Dated, 27 October 2020

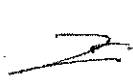
RAK Ceramics (Bangladesh) Ltd.
Consolidated profit or loss and other comprehensive Income
for the period ended 30 September 2020

	Notes	30 Sep 2020 Taka	30 Sep 2019 Taka	July to Sep 2020 Taka	July to Sep 2019 Taka
Sales	24	3,412,387,458	4,569,191,240	1,440,128,997	1,646,203,309
Cost of sales	25	(2,749,850,989)	(3,199,087,315)	(1,066,851,003)	(1,188,081,851)
Gross profit		662,536,469	1,370,103,925	373,277,994	458,121,458
Other income	26	2,716,377	11,700,036	780,847	979,339
Administrative expenses	27	(246,802,273)	(287,249,757)	(87,969,841)	(90,580,125)
Impairment loss on trade receivable	27.1	(4,814,631)	(3,172,584)	(466,708)	(1,174,858)
Marketing and selling expenses	28	(289,413,583)	(300,915,140)	(103,738,253)	(97,201,937)
		<u>(538,314,110)</u>	<u>(579,637,445)</u>	<u>(191,393,951)</u>	<u>(187,977,581)</u>
Profit from operating activities		124,222,359	790,466,480	181,884,039	270,143,877
Finance income	29	38,888,117	18,674,490	6,745,164	7,342,574
Finance expenses	30	(14,876,995)	(25,180,514)	(8,001,672)	(5,893,473)
Net finance income		<u>24,011,122</u>	<u>(6,506,024)</u>	<u>(1,256,508)</u>	<u>1,449,101</u>
Profit before contribution to worker's profit participation and welfare fund		148,233,481	783,960,456	180,627,531	271,592,978
Contribution to worker's profit participation and welfare fund	31	(8,182,825)	(38,637,249)	(8,182,825)	(12,213,741)
Profit before income tax		140,050,656	745,323,207	172,444,706	259,379,237
Income tax expense					
Current tax	32	(70,015,702)	(220,776,795)	(48,603,205)	(68,469,571)
Deferred tax	17	19,222,564	9,372,313	2,183,803	828,373
		<u>(50,793,138)</u>	<u>(211,404,482)</u>	<u>(46,419,402)</u>	<u>(67,641,198)</u>
Profit for the period		89,257,518	533,918,725	126,025,304	191,738,039
Other comprehensive Income					
Total comprehensive income for the period		89,257,518	533,918,725	126,025,304	191,738,039
Profit attributable to:					
Equity holders of the company		89,257,420	533,918,527	126,025,293	191,737,990
Non-controlling interests		98	198	11	49
Profit after tax for the period		89,257,518	533,918,725	126,025,304	191,738,039
Basic earnings per share (Par value TK 10)	38	0.21	1.25	0.29	0.45

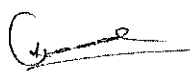
The accompanying notes are an integral part of these financial statements



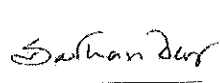
Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary

Dated, 27 October 2020

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
for the period ended 30 September 2020

	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 2019	3,890,624,560	1,473,647,979	1,628,694,440	6,992,966,979	1,546	6,992,968,525	
Prior year adjustment (Leases)	-	-	(13,824,303)	(13,824,303)	-	(13,824,303)	
Total comprehensive income for 2019 Profit for the period	-	-	533,918,527	533,918,527	198	533,918,725	
Transactions with the shareholders							
Cash dividend (2018)	-	-	(389,062,456)	(389,062,456)	(400)	(389,062,856)	
Stock dividend (2018)	389,062,450	-	(389,062,450)	-	-	-	
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>	
Balance as at 01 January 2020	4,279,687,010	1,473,647,979	1,601,275,518	7,354,610,507	1,393	7,354,611,900	
Total comprehensive income for 2020 Profit for the period	-	-	89,257,420	89,257,420	98	89,257,518	
Transactions with the shareholders:							
Cash dividend (2019)	-	-	(641,953,052)	(641,953,052)	(200)	(641,953,252)	
Balance as at 30 September 2020	<u>4,279,687,010</u>	<u>1,473,647,979</u>	<u>1,048,579,886</u>	<u>6,801,914,875</u>	<u>1,291</u>	<u>6,801,916,166</u>	

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 2020

	<u>30 Sep 2020</u>	<u>30 Sep 2019</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	3,262,800,337	4,520,815,275
Cash payments to suppliers and employees	<u>(2,709,188,533)</u>	<u>(3,396,926,629)</u>
Cash generated from operating activities	<u>553,611,804</u>	<u>1,123,888,646</u>
Interest received from bank deposit	6,603,815	4,513,769
Income tax paid (note - 12)	<u>(110,463,093)</u>	<u>(258,245,646)</u>
Net cash (used in)/from operating activities (note-41.1)	<u>449,752,526</u>	<u>870,156,769</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(157,547,590)	(162,015,747)
Sale of property, plant and equipment	327,500	121,500
Interest received from FDR	33,969,571	10,374,194
Income from rental	1,521,140	2,529,129
Intangible assets	(492,890)	(771,526)
Insurance claim received	38,287,131	-
Dividend received	100	200
Net cash (used in)/from investing activities	<u>(83,935,038)</u>	<u>(149,762,250)</u>
Cash flows from financing activities		
Finance charges	(13,169,142)	(12,136,633)
Avail/(repayment) of term loan	-	(86,342,729)
Avail/(repayment) of short-term loan	85,688,755	(155,145,778)
Payment of lease liability	(8,405,495)	(15,103,342)
Dividend paid	(627,708,901)	(386,876,003)
Unclaimed share application refund	-	(8,160)
Adjustment related with non-controlling interest	(200)	(400)
Net cash (used in)/from financing activities	<u>(563,594,983)</u>	<u>(655,613,045)</u>
Effect of exchange rate changes in cash and cash equivalents	210,071	643,633
Net increase/(decrease) in cash and cash equivalents	<u>(197,567,424)</u>	<u>65,425,107</u>
Cash and cash equivalents as at 01 January	<u>1,499,310,101</u>	<u>829,807,227</u>
Cash and cash equivalents as at 30 September (Note 13)	<u>1,301,742,677</u>	<u>895,232,334</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 2020

1. Reporting entity

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

1.1 Nature of business

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

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

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

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Power Pvt. Ltd. from 57% to 99.99% through purchase of 881,495 number of ordinary shares of BDT 100 each in consideration of BDT 255 per share totalling 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 27 October 2020.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

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

2.5 Reporting period

The financial period of the Company covers nine months from 1 January to 30 September 2020 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.

Impact of COVID-19 pandemic

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

3.2 Financial assets

a) Trade & other receivables

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

b) Cash and cash equivalents

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

3.3 Financial liabilities

a) Trade & other payables

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

b) Borrowings

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

3.4 Share capital

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

3.5 Property, plant and equipment

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

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

3.5.1 Depreciation on property, plant and equipment

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

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

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

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

3.6 Investment property

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

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

3.6.1 Depreciation on investment property

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

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

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

3.7 Capital work-in-progress

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

3.8 Intangible assets

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

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

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

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

3.9 Inventories

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

3.10 Impairment

Non-derivative financial assets

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

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.11 Employee benefit schemes

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

Defined contribution plan (Provident fund)

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

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

Defined benefit plan (Gratuity)

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

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

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

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

3.13 Provisions

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

3.14 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.

3.14.1 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.

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. 35.1 (b).

3.14.2 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.

3.14.3 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.

3.15 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.

3.16 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".

3.17 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 2020.

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.

3.18 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.

3.19 Determination and presentation of operating segment

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

3.20 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.

3.21 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.

3.22 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 contract with customers.
IFRS 16	Leases

3.23 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.

3.24 Comparatives and reclassification

Comparative information have been disclosed in respect of 2019 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, plant and equipment

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 2020
	Balance as at 01 Jan 2020	Addition during the period	Sale/ disposal during the period	Balance as at 30 Sep 2020	Rate (%)	Balance as at 01 Jan 2020	Charged during the period	Adjustment during the period	
Land	338,570,507	2,995,200	-	341,565,707	5-20	494,633,410	40,809,827	-	475,443,237
Factory building	1,038,033,128	-	-	1,038,033,128	5	119,708,362	10,721,518	-	130,429,880
Office building	200,864,019	99,615,471	-	300,479,492	5-10	3,758,357,220	235,706,998	-	3,994,064,218
Plant and machinery	5,545,628,139	51,466,210	-	5,597,094,350	10	103,632,451	3,959,932	-	107,592,383
Mobile plant	142,301,896	-	-	142,301,896	10-20	200,863,110	5,674,298	-	206,537,408
Electrical installation	242,630,147	-	-	242,630,147	10-20	2,788,740	2,788,740	-	59,040,103
Gas pipeline	79,438,345	-	-	79,438,345	10-20	56,251,363	2,065,579	(4,676,688)	27,511,962
Furniture and fixtures	44,569,418	1,632,525	(4,676,772)	41,525,171	10-20	30,123,069	2,065,579	-	107,220,110
Office equipment	119,827,598	3,551,963	(1,59,521)	123,230,041	10-20	93,068,558	14,286,590	(135,039)	12,453,622
Communication equipment	18,105,282	76,863	-	18,182,146	10-20	10,640,101	1,813,520	-	13,200,791
Tools and appliances	19,177,097	-	-	19,177,097	10-20	12,019,368	1,181,423	-	63,472,596
Vehicles	91,062,462	-	(307,919)	90,754,544	10-20	58,616,737	5,085,582	(229,732)	3,631,012
Fire fighting equipments	3,631,012	-	-	3,631,012	20	4,881,544,761	324,094,008	(5,041,449)	5,200,597,320
Total	7,883,839,050	159,328,233	(5,144,213)	8,038,933,073		4,881,544,761	324,094,008	(5,041,449)	2,837,435,753

31 Dec 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 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Sale/ disposal during the year	Balance as at 31 Dec 2019	Rate (%)	Balance as at 01 Jan 2019	Charged during the year	Adjustment during the year	
Land	338,570,507	-	-	338,570,507	5-20	382,353,134	52,280,276	-	434,633,410
Factory building	999,375,345	38,657,783	-	1,038,033,128	5	111,325,399	10,936,085	(2,553,122)	119,708,362
Office building	204,836,622	8,784,691	(12,757,294)	200,864,019	5-10	3,452,988,485	305,368,795	-	3,758,357,220
Plant and machinery	5,387,988,133	157,640,006	-	5,545,628,139	10	99,008,863	4,623,588	-	103,632,451
Mobile plant	135,573,374	6,728,522	-	142,301,896	10-20	193,187,791	7,675,319	-	200,863,110
Electrical installation	242,630,147	-	-	242,630,147	10-20	2,788,740	2,788,740	-	56,251,363
Gas pipeline	77,047,294	2,391,051	-	79,438,345	10-20	27,704,762	2,418,307	-	30,123,069
Furniture and fixtures	40,827,059	3,742,359	-	44,569,418	10-20	74,241,892	18,626,666	-	93,068,558
Office equipment	113,918,875	5,808,723	-	119,827,598	10-20	8,599,955	2,040,145	-	10,640,101
Communication equipment	14,768,857	3,336,425	-	18,105,282	10-20	10,304,824	1,714,744	-	12,019,368
Tools and appliances	19,113,047	64,050	-	19,177,097	10-20	10,304,824	1,714,744	(175,856)	58,616,737
Vehicles	89,762,354	1,594,836	(294,728)	91,062,462	10-20	51,715,558	7,077,035	-	3,631,012
Fire fighting equipments	3,631,012	-	-	3,631,012	20	4,881,544,761	324,094,008	(5,041,449)	5,200,597,320
Total	7,668,042,626	228,848,445	(13,052,022)	7,883,839,050		4,467,350,918	416,882,921	(2,238,978)	4,881,544,761

5 Investment Property

Particulars	COST				DEPRECIATION				Net book value as at 30 Sep 2020
	Balance as at 01 Jan 2020	Addition during the period	Sale/disposal during the period	Balance as at 30 Sep 2020	Balance as at 01 Jan 2020	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2020	
	Rate								
Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	500,571,750
Office building ²	211,452,074	-	-	211,452,074	30,590,455	8,076,394	-	38,666,848	172,785,226
	712,023,824	-	-	712,023,824	30,590,455	8,076,394	-	38,666,848	673,356,976

Particulars	COST				DEPRECIATION				Net book value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2019	Balance as at 01 Jan 2019	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2019	
	Rate								
Land ¹	500,571,750	-	-	500,571,750	-	-	-	-	500,571,750
Office building ²	210,636,382	815,692	-	211,452,074	20,058,356	10,532,101	-	30,590,455	180,861,619
Total	711,208,132	815,692	-	712,023,824	20,058,356	10,532,101	-	30,590,455	681,433,369

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 2020</u>	<u>30 Sep 2019</u>
	Taka	Taka
5.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 25)	293,886,447	281,272,236
Administrative expenses (Note 5.2)	34,213,838	34,015,668
Marketing & selling expenses (Note 28)	4,070,118	3,440,215
	<u>332,170,403</u>	<u>318,728,119</u>
5.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 27)	26,137,444	26,138,234
Depreciation on Investment property (Note 27)	8,076,394	7,877,434
	<u>34,213,838</u>	<u>34,015,668</u>

5.3 Disposal of property, plant and equipment

30 Sep 2020

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	159,521	135,039	24,482	32,500	8,018
Motor Bike	307,919	229,722	78,198	176,500	98,302
Furniture & fixture	4,676,772	4,676,688	85	118,500	118,415
Total	5,144,213	5,041,449	102,764	327,500	224,736

31 Dec 2019

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
Motor Bike	294,728	175,856	118,873	179,500	60,627
Total	294,728	175,856	118,873	179,500	60,627

6 Right of use assets

Particulars	COST				DEPRECIATION				Net book value as at 30 Sep 2020
	Balance as at 01 Jan 2020	Addition during the period	Sale/disposal during the period	Balance as at 30 Sep 2020	Balance as at 01 Jan 2020	Charged during the period	Adjustment during the period	Balance as at 30 Sep 2020	
Display Center	47,637,481	11,271,396	(6,960,220)	51,948,658	31,136,351	5,477,180	(6,960,220)	29,655,311	22,293,347
Accommodation Building	3,300,136	797,578	(1,567,168)	2,530,546	1,812,180	1,237,551	(1,490,209)	1,559,523	971,024
Warehouse	32,707,529	-	(32,707,529)	3,776,889	5,723,818	4,906,129	(10,629,947)	3,619,519	157,370
Office Building	3,776,889	-	-	3,776,889	2,911,352	708,157	-	3,619,519	157,370
	87,422,036	12,068,974	(41,234,917)	58,256,093	41,585,701	12,329,027	(19,080,276)	34,834,352	23,421,741

	30 Sep 2020	31 Sep 2019
Allocation of depreciation	1,945,718	1,685,571
Administrative expenses (Note:27)	10,383,309	8,212,501
Marketing & Selling expenses (Note:28)	<u>12,329,027</u>	<u>9,898,072</u>

31 Dec 2019

Particulars	COST				DEPRECIATION				Net book value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2019	Balance as at 01 Jan 2019	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2019	
Display center	76,028,968	-	(28,391,487)	47,637,481	22,705,295	8,433,056	-	31,138,351	16,499,130
Accommodation Building	2,644,593	655,543	-	3,300,136	353,312	1,458,968	-	1,812,180	1,487,956
Warehouse	-	32,707,529	-	32,707,529	-	5,723,818	-	5,723,818	26,983,711
Office Building	3,776,889	-	-	3,776,889	1,967,130	944,222	-	2,911,352	865,537
Total	82,450,450	33,363,072	(28,391,487)	87,422,036	25,025,737	16,559,964	-	41,585,701	45,836,335

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

30 Sep 2020	Lease liability	Right of use assets	Gain/(loss)
Particulars			
Ware House	21,594,420	22,077,582	(483,162)
Accommodation	84,526	76,959	7,567
Total	21,678,946	22,154,541	(475,595)

31 Dec 2019	Lease liability	Right of use assets	Gain/(loss)
Particulars			
Display center	30,048,249	28,391,487	1,656,762

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

7 Intangible assets

30 Sep 2020

Particulars	COST				AMORTIZATION				Net book value as at 30 Sep 2020
	Balance as at 01 Jan 2020	Addition during the period	Sale/disposal during the period	Balance as at 30 Sep 2020	Balance as at 01 Jan 2020	Amortized during the period	Adjustment during the period	Balance as at 30 Sep 2020	
License	22,199,986	492,890	-	22,692,876	19,467,114	2,551,984	-	22,019,097	673,779
Computer Software	11,614,380	-	-	11,614,380	7,852,207	921,380	-	8,773,587	2,840,793
Total	33,814,366	492,890	-	34,307,256	27,319,321	3,473,364	-	30,792,685	3,514,571

31 Dec 2019

Particulars	COST				AMORTIZATION				Net book value as at 31 Dec 2019
	Balance as at 01 Jan 2019	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2019	Balance as at 01 Jan 2019	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2019	
License	22,078,460	121,526	-	22,199,986	14,453,949	5,013,164	-	19,467,114	2,732,873
Computer Software	10,964,380	650,000	-	11,614,380	6,672,509	1,179,699	-	7,852,207	3,762,174
Total	33,042,840	771,526	-	33,814,366	21,126,458	6,192,863	-	27,319,321	6,495,047

	<u>30 Sep 2020</u>	<u>31 Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	177,641,997	127,781,531
Add: Addition during the period	147,093,400	261,225,698
	<u>324,735,397</u>	<u>389,007,230</u>
Less: Transfer to property, plant & equipment and investment Property (note 8.1)	148,884,043	211,365,233
Balance as at 30 September	<u>175,851,354</u>	<u>177,641,997</u>
8.1 Items transferred from capital work in progress to property, plant & equipment		
Factory building	99,615,471	38,326,033
Plant & machinery	48,252,116	139,907,809
Others	1,016,456	33,131,391
	<u>148,884,043</u>	<u>211,365,233</u>
9 Inventories		
Raw materials	692,604,504	818,594,596
Less : Provision for slow moving & obsolete inventories	24,101,810	20,729,536
	<u>668,502,694</u>	<u>797,865,060</u>
Stores and consumables spares and packing	958,471,023	951,862,906
Finished goods (net of net realizable value adjustment)	573,943,480	719,463,284
Less : Provision for slow moving & obsolete inventories	20,912,807	16,461,944
	<u>553,030,673</u>	<u>703,001,340</u>
Work-in-process	48,629,519	104,694,796
Goods-in-transit	139,682,424	228,206,140
	<u>2,368,316,334</u>	<u>2,785,630,242</u>

	<u>30 Sep 2020</u>	<u>31 Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
10 Trade and other receivables		
Trade receivables (Note 10.1)	961,331,470	813,475,817
	<u>961,331,470</u>	<u>813,475,817</u>
Receivable against Insurance claim	-	38,287,131
Accrued Interest (Note 10.2)	6,512,040	8,197,308
Accrued rental income	4,074,513	-
Other receivable	1,823,008	-
	<u>973,741,031</u>	<u>859,960,257</u>
10.1 Trade receivables		
Receivables from local sales	975,372,169	816,128,848
Receivables from export sales	-	6,573,037
	<u>975,372,169</u>	<u>822,701,885</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	4,870,992	2,640,080
Related parties	9,169,707	6,585,988
	<u>961,331,470</u>	<u>813,475,817</u>
10.2 Accrued interest		
Interest accrued on FDR	6,512,040	8,197,308
	<u>6,512,040</u>	<u>8,197,308</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	110,171	3,000
Purchase of land and others	1,451,919	5,729,371
Suppliers against materials and services	98,588,676	78,360,866
	<u>100,150,766</u>	<u>84,093,237</u>
Security and other deposits:		
Titas gas	65,658,900	65,658,900
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	3,723,712	1,833,190
Deposited with Income tax authority	68,128,195	68,128,195
Deposited with VAT authority	58,361,240	6,726,946
Display center and others	2,485,000	3,757,500
Other deposits	1,494,626	1,494,626
	<u>201,806,673</u>	<u>149,554,357</u>
Prepayments:		
Insurance and others	35,490,020	33,544,657
	<u>35,490,020</u>	<u>33,544,657</u>
	<u>337,447,459</u>	<u>267,192,251</u>

	<u>30 Sep 2020</u>	<u>31 Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	1,833,191	216,803
Add: Treasury deposit for SD & VAT purpose	35,472,196	1,616,388
	<u>37,305,386</u>	<u>1,833,190</u>
	37,305,386	1,833,190
Less: SD & VAT on sales	33,581,674	-
Balance as at 30 September	<u>3,723,712</u>	<u>1,833,190</u>

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

12 Advance Income Tax		
Balance as at 1 January	3,434,063,275	3,125,317,011
Add: Paid during the period	110,463,093	308,746,264
Balance as at 30 September (Note - 12.1)	<u>3,544,526,368</u>	<u>3,434,063,275</u>

12.1 Payment for the period

<u>Income year</u>		
Current period	70,954,950	-
Year 2019	274,857,779	235,349,636
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	291,694,002	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	334,263,453	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u>3,544,526,368</u>	<u>3,434,063,275</u>

13 Cash and cash equivalents

	<u>30 Sep 2020</u>	<u>31 Dec 2019</u>
	<u>Taka</u>	<u>Taka</u>
Cash In hand	2,384,476	3,628,454
Cash at banks		
HSBC (current account -001-013432-011, 107580-011, 096015-011, 096007-011 BDT)	2,651,713	20,555,049
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	71,920	180,849,061
Brac Bank Ltd. (current account - 1530201731248001 - BDT)	14,012,140	39,046,938
Citibank N.A. (current account - G0100001200262018 - BDT)	156,588	161,889
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	103,936,614	2,600,632
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	13,377,604	11,995,287
Standard Chartered Bank (Margin money account)	3,328,353	15,827,195
Dutch Bangla Bank (Margin money account)	-	246,006
United Commercial Bank (SND account - 0831301000000164 BDT)	7,687,009	27,528,317
Eastern Bank Ltd. (SND account - 1131350237146 - BDT)	26,660,245	96,642,480
Eastern Bank Ltd. (SND account - L131350237393 WH - BDT)	3,849	4,980
EXIM Bank (SND account - 01513100031877 - BDT)	516,733	510,116
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	55,211	52,842
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	216,251,780	100,382,750
Dutch Bangla Bank Ltd. (SND account - 117-120-376 (WH)- BDT)	129,153	128,657
BRAC Bank (SND - 1513101731248001 - BDT)	363,433	362,785
Prime Bank Ltd. (SND - 12531010022563 - BDT)	15,055,741	27,898,730
Dhaka Bank Ltd (SND - 102.150.274- BDT))	30,908,253	24,223,605
Midland Bank Ltd. (Margin Money account)	1,396,000	-
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	24,954	22,154
Dhaka Bank Ltd (CD - 204100000019318- BDT))	130,194	234,064
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	44,006,813	52,176,242
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	3,210,243	52,844,531
Midland Bank Ltd. (SND 0006-1070000015 - BDT)	132,298	608,850
EBL (Margin Money account)	13,339,308	-
	<u>497,406,149</u>	<u>654,903,160</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,435,094	2,431,487
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,919,501
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,606	153,606
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,599	126,599
	<u>6,634,800</u>	<u>6,631,193</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,606,896	2,610,821
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,191,952	2,196,201
SCB (Current - 02-6162940-02- BDT) - 2012	3,879,761	3,873,556
SCB (Current - 02-6162940-03- BDT) - 2013	16,916,182	16,882,899
SCB (Current - 02-6162940-04- BDT) - 2014	5,014,503	5,006,270
SCB (Current - 02-6162940-05- BDT) - 2015	3,854,509	3,847,241
SCB (Current - 02-6162940-06- BDT) - 2016	4,217,664	4,307,616
SCB (Current - 02-6162940-07- BDT) - 2017	1,661,962	1,715,963
SCB (Current - 02-6162940-08- BDT) - 2018	1,955,661	2,199,822
SCB (Current - 02-6162940-09- BDT) - 2019	14,665,339	-
	<u>56,964,429</u>	<u>42,640,389</u>
Investment In Fixed Deposit Receipt (FDR)		
HSBC	11,946,874	11,906,325
SCB	6,762,080	762,080
Brac Bank Ltd.	250,000,000	-
Dutch Bangla Bank Ltd.	28,838,500	28,838,500
Eastern Bank Ltd.	150,000,000	250,000,000
Dhaka Bank Ltd.	200,000,000	500,000,000
Midland Bank Ltd.	35,805,369	-
Commercial bank of ceylon	55,000,000	-
	<u>738,352,823</u>	<u>791,506,905</u>
Total	<u>1,301,742,677</u>	<u>1,499,310,101</u>

14 Share Capital

	30 Sep 2020 Taka	31 Dec 2019 Taka
Authorised :		
600,000,000 ordinary shares of Taka 10/- each	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued, subscribed, called and paid up :		
427,968,701 ordinary shares of Taka 10/- each	<u>4,279,687,010</u>	<u>4,279,687,010</u>

Percentage of shareholdings :

	2020		2019	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,915,864,310
S.A.K. Ekramuzzaman	3.95	168,958,240	3.95	168,958,240
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	340	0.00	340
Sheikh Omer Bin Saqr Al Qassimi	0.00	340	0.00	340
Sheikh Ahmad Bin Humaid al Qassimi	0.00	340	0.00	340
Hamad Abdulla Al Muftawa	0.00	160	0.00	160
Dr. Khater Massaad	0.00	160	0.00	160
Abdallah Massaad	0.00	160	0.00	160
Manoj Uttamrao Ahire	0.00	160	0.00	160
General Public	27.92	1,194,862,800	27.92	1,194,862,800
	<u>100.00</u>	<u>4,279,687,010</u>	<u>100.00</u>	<u>4,279,687,010</u>

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

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2020	2019	2020	2019
01-499 shares	19,540	20,366	4,808,891	4,995,826
500 to 5,000 shares	7,789	8,198	12,848,918	13,460,461
5001 to 10,000 shares	1,015	1,031	7,278,751	7,277,910
10,001 to 20,000 shares	505	527	7,020,124	7,320,397
20,001 to 30,000 shares	178	167	4,373,991	4,076,759
30,001 to 40,000 shares	68	70	2,323,763	2,404,839
40,001 to 50,000 shares	50	48	2,269,888	2,143,014
50,001 to 100,000 shares	97	106	6,776,265	7,222,580
100,001 to 1,000,000 shares	102	100	25,141,389	25,398,876
1,000,001 to 1,000,000,000 Shares	16	15	355,126,721	353,668,039
	<u>29,360</u>	<u>30,628</u>	<u>427,968,701</u>	<u>427,968,701</u>

15 Share premium

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

No. of shares	Share premium (per share)	2020 Taka	2019 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>
		<u>1,473,647,979</u>	<u>1,473,647,979</u>

16 Reserve and surplus

Balance as on 1 January	1,601,275,518	1,628,694,442
Less : Adjustment for prior period (Leases)	-	(3,319,226)
Add : Profit during the period	<u>89,257,420</u>	<u>754,825,209</u>
	1,690,532,937	2,379,400,424
Less: Dividend declared during the period	<u>(641,953,052)</u>	<u>(778,124,906)</u>
Balance as on 30 September	<u>1,048,579,886</u>	<u>1,601,275,518</u>

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

	30 Sep 2020 Taka	31 Dec 2019 Taka
17 Deferred tax liabilities		
Balance as at 1 January	191,893,149	197,934,495
Less : Deferred tax (Income)/expenses	<u>(19,222,564)</u>	<u>(6,041,348)</u>
Balance as at 30 September	<u>172,670,585</u>	<u>191,893,149</u>

	Carrying amount on the date of statement of financial position Taka	Tax base Taka	Taxable/ (deductible) temporary difference Taka
As at 30 September 2020			
Property, plant and equipment (Excluding land and others)	1,602,421,095	1,845,217,108	757,203,987
Trade receivable	963,090,736	977,131,436	(14,040,700)
Inventory	2,289,444,880	2,365,506,921	<u>(76,462,041)</u>
Net taxable temporary difference			<u>666,701,246</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>172,670,585</u>
As at 31 December 2019			
Property, plant and equipment (Excluding land and others)	2,769,055,533	1,978,873,851	790,181,682
Trade receivable	791,632,927	800,414,326	(8,786,399)
Inventory	2,716,081,804	2,763,754,793	<u>(47,692,989)</u>
Net taxable temporary difference			<u>733,701,894</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>191,893,149</u>

18 Employees benefits payable

Provident fund	6,158,022	-
Gratuity fund	<u>8,810,279</u>	<u>-</u>
	<u>14,968,301</u>	<u>-</u>

	30 Sep 2020		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	<u>46,170,620</u>	<u>26,661,787</u>	<u>72,832,408</u>
	46,170,620	26,661,787	72,832,408
Less: Payments made to fund during the period	<u>40,012,598</u>	<u>17,851,509</u>	<u>57,864,107</u>
Balance as at 30 September	<u>6,158,022</u>	<u>8,810,279</u>	<u>14,968,301</u>

Provision and payment includes BDT. 1,467,495 for the period 2020 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.

	31 Dec 2019		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	<u>61,044,474</u>	<u>32,792,338</u>	<u>93,836,812</u>
	61,044,474	32,792,338	93,836,812
Less: Payments made to fund during the year	<u>61,044,474</u>	<u>32,792,338</u>	<u>93,836,812</u>
Balance as at 31 December	<u>-</u>	<u>-</u>	<u>-</u>

Provision and payment includes BDT. 1,946,890 for the year 2019 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	1,733,803	89,232,918
Current portion of term loan	<u>(1,733,803)</u>	<u>(89,232,918)</u>
	<u>-</u>	<u>-</u>
Current:		
Bank overdrafts	50,717	-
Short-term borrowings	173,137,154	-
Current portion of term loan	<u>1,733,803</u>	<u>89,232,918</u>
Balance as at 30 September	<u>174,921,674</u>	<u>89,232,918</u>

19.1 Borrowings by maturity

At 30 September 2020	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	50,717	-	-	50,717
Short-term borrowings	173,137,154	-	-	173,137,154
Term loan	1,733,803	-	-	1,733,803
	<u>174,921,674</u>	<u>-</u>	<u>-</u>	<u>174,921,674</u>

At 31 December 2019	< 1 year	1-2 years	2-5 years	Total
Term loan	89,232,918	-	-	89,232,918
	<u>89,232,918</u>	<u>-</u>	<u>-</u>	<u>89,232,918</u>

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL	Security - LTL
SCB	Overdraft	50,000,000	50,717	Revolving	From company's own source		
	Short term loan	500,000,000	81,666,730	180/360 days from B/L date		1) Corporate guarantee, 2) Hypothecation over plant & machinery on part - passu basis with other lenders.	1) Land, 2) Plant and machinery of the expansion plant.
HSBC	Overdraft	30,000,000	-	Revolving			
	Short term loan	550,000,000	-	180/360 days from B/L date	From company's own source		
	Long term loan	609,604,950	1,733,803	5 years			
Dutch Bangle Bank Ltd.	Overdraft	25,000,000	-	Revolving			
	Short term loan	90,000,000	-	180/360 days from B/L date	From company's own source		
Commercial Bank of Ceylon	Overdraft	25,000,000	-	Revolving			
	Short term loan	300,000,000	91,470,424	180/360 days from B/L date	From company's own source		

30 Sep 2020
Taka

31 Dec 2019
Taka

20 Lease liability

Non-current:

Lease liability

Less : Current portion of lease liability

15,166,913	39,475,875
<u>4,756,188</u>	<u>10,101,008</u>
<u>10,410,725</u>	<u>29,374,867</u>
<u>4,756,188</u>	<u>10,101,008</u>

Current:

Current portion of lease liability

30 Sep 2020

Lease liability schedule

Particulars	Balance as on 01 January, 2020	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 30 September 2020
Display center	11,583,808	4,977,901	3,706,775	1,127,331	2,579,444	13,982,265
Accommodation Building	1,558,557	713,052	1,359,234	83,059	1,276,175	995,434
Warehouse	25,330,639	(21,594,420)	5,467,835	1,731,416	3,736,219	189,215
Office Building	1,002,871	-	855,000	41,344	813,656	-
	<u>39,475,875</u>	<u>(15,903,467)</u>	<u>11,388,844</u>	<u>2,983,150</u>	<u>8,405,495</u>	<u>16,168,913</u>

31 Dec 2019

Lease liability schedule

Particulars	Balance as on 01 January, 2019	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2019
Display center	46,374,623	(30,048,249)	7,049,344	2,306,778	4,742,566	11,583,808
Accommodation Building	2,319,576	655,543	1,602,312	185,750	1,416,582	1,558,557
Warehouse	-	28,907,529	6,050,281	2,473,372	3,576,890	25,330,639
Office Building	1,997,295	-	1,140,000	145,477	994,523	1,002,871
	<u>50,691,594</u>	<u>(485,177)</u>	<u>15,841,918</u>	<u>5,111,376</u>	<u>10,720,542</u>	<u>39,475,875</u>

21 Trade and other payables

Trade payables

Payable to local suppliers	80,125,159	92,068,742
Payable to foreign suppliers	200,320,893	334,034,758
Payable to service provider	45,535,694	31,996,004
Payable to C & F agent	<u>13,859,104</u>	<u>18,884,970</u>
	<u>339,840,850</u>	<u>476,984,474</u>

Other payables

Tax deducted at source	14,276,258	20,422,540
VAT deducted at source	6,684,236	7,771,816
VAT and Supplementary duty payable (Note-21.L)	133,615,860	103,722,054
Dividend Payable	55,914,667	41,670,516
Undeclared share application	20,810,756	20,810,756
Advance from customer against sales	7,860,794	14,403,615
Security deposit payable	3,459,842	3,470,342
Payable to employees	776,383	1,202,084
Provisional liabilities - material & services	<u>59,249,672</u>	<u>1,267,333</u>
	<u>302,648,468</u>	<u>214,241,058</u>
	<u>642,489,318</u>	<u>691,225,532</u>

	30 Sep 2020	31 Dec 2019
	Taka	Taka
11.1 VAT and Supplementary duty (SD) payable		
Opening Balance	103,722,054	-
VAT and Supplementary duty on sales	1,074,650,123	1,855,134,444
Payable - SD & VAT	-	107,215,433
Other payable	-	1,336,899
	<u>1,178,372,177</u>	<u>1,965,866,776</u>
Less: Balance as at 1 January	-	46,360,059
Treasury deposit for SD & VAT purpose	757,876,483	1,276,905,762
Rebate of input VAT	286,879,826	538,898,901
	<u>1,044,756,319</u>	<u>1,862,164,722</u>
Balance as at 30 September	<u>133,615,860</u>	<u>103,722,054</u>
22 Accrued expenses		
Power and gas	53,284,924	41,446,942
Staff cost	109,027,204	128,303,482
Provision for Dealer's commission	27,325,901	-
Audit fees	1,151,625	1,525,000
Professional charges	381,390	463,000
Interest on loans	2,267,709	1,554,585
Telephone	240,074	239,807
Provision for freight	-	1,114,737
Managing Director's remuneration (Note 22.1)	5,155,180	35,910,357
Worker's profit participation and welfare fund (Note 22.2)	8,182,825	52,965,129
Royalty and technical know-how fees (Note 22.3)	293,484,150	287,408,635
Others	12,452,468	7,733,860
	<u>512,963,460</u>	<u>558,665,634</u>
22.1 Managing Director's remuneration		
Balance as at 1 January	35,910,357	39,943,228
Add: Provision made during the period	5,155,180	35,910,357
	<u>41,065,538</u>	<u>75,853,586</u>
Less: Paid to Managing Director during the period	35,910,357	39,943,228
Balance as at 30 September	<u>5,155,180</u>	<u>35,910,357</u>
22.2 Worker's profit participation and welfare fund		
Balance as at 1 January	52,965,129	58,913,315
Add: Contribution made to the fund during the period	8,182,825	52,965,129
	<u>61,147,954</u>	<u>111,878,444</u>
Less: Payment made from the fund during the period	52,965,129	58,913,315
Balance as at 30 September	<u>8,182,825</u>	<u>52,965,129</u>
22.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	287,408,635	284,211,437
Add: Provision made during the period	6,572,616	84,244,206
	<u>293,981,251</u>	<u>368,955,643</u>
Less: Payment made during the period	497,101	81,547,008
Balance as at 30 September	<u>293,484,150</u>	<u>287,408,635</u>
23 Provision for Income Tax		
Balance as at 1 January	3,834,252,156	3,537,831,853
Add: Provision made for the period	70,015,702	298,420,303
Balance as at 30 September (Note 23.1)	<u>3,904,267,858</u>	<u>3,834,252,156</u>
23.1 Provision for Income Tax		
<u>Income Year</u>		
Current period	70,015,702	-
Year 2019	296,420,303	296,420,303
Year 2018	316,355,666	316,355,666
Year 2017	246,089,883	246,089,883
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>3,904,267,858</u>	<u>3,834,252,156</u>

	30 Sep 2020	30 Sep 2019	July to Sep 2020	July to Sep 2019
	Taka	Taka	Taka	Taka
24 Sales				
Gross sales from Ceramics product	4,801,949,139	6,227,823,891	2,064,547,974	2,223,677,728
Gross sales from Power generation	245,786,911	260,342,634	93,854,756	91,301,570
Gross sales from Security service	74,215,763	94,604,025	24,628,226	27,212,436
	<u>5,124,451,813</u>	<u>6,582,770,550</u>	<u>2,183,040,956</u>	<u>2,342,191,734</u>
Less: Elimination	237,709,613	303,403,316	90,061,445	103,028,801
Supplementary Duty	447,000,451	460,311,338	213,304,017	166,329,181
VAT	666,880,614	825,653,291	284,676,113	292,094,794
Discount	773,407	46,247,778	129,243	3,902,175
Commission, Incentive and bonus	359,780,270	377,963,587	154,741,141	130,633,474
Net sales	<u>3,412,387,458</u>	<u>4,569,191,240</u>	<u>1,440,128,997</u>	<u>1,646,203,309</u>
25 Cost of sales				
Materials consumed:				
Opening Inventory as at 1 January	797,865,060	839,612,529	943,566,552	927,909,166
Add: Purchase during the period	<u>1,127,776,946</u>	<u>1,551,032,791</u>	<u>285,941,152</u>	<u>400,226,717</u>
	1,925,642,006	2,390,645,320	1,229,507,704	1,328,135,883
Less: Closing Inventory as at 30 September	<u>668,502,694</u>	<u>754,154,743</u>	<u>668,502,694</u>	<u>754,154,743</u>
	1,257,139,312	1,636,490,577	561,005,010	573,981,140
Manufacturing overhead:				
Direct labour (note 25.1)	383,934,693	449,847,790	136,232,105	139,399,776
Direct expenses:				
Power and gas	183,985,877	154,328,479	71,957,741	55,593,438
Repairs and indirect materials (note 25.2)	386,560,955	520,281,801	167,168,373	180,012,462
Depreciation on property, plant & equipment (note 5.1)	293,886,447	281,272,236	100,331,737	93,935,838
Royalty and technical know-how/assistance fees	6,572,616	61,819,599	8,572,616	19,541,986
Other production overhead (Note 25.3)	38,604,781	34,349,758	14,180,491	10,644,400
Provision for slow moving & obsolete inventories (note 9)	7,823,137	39,464,835	2,842,131	13,154,678
Movement in stock	191,343,171	21,233,040	6,530,799	101,818,133
	<u>2,749,850,989</u>	<u>3,199,087,315</u>	<u>1,066,851,003</u>	<u>1,188,091,851</u>
25.1 Direct labour				
Salary & wages	249,800,975	278,982,954	87,557,069	89,500,023
Overtime	20,935,020	28,786,801	8,485,977	9,154,130
Bonus	41,108,332	34,325,787	14,466,125	7,302,537
Incentive	270,131	20,048,464	79,446	6,582,821
Temporary labour wages	29,158,426	48,463,225	12,066,974	13,687,943
Staff uniform expenses	997,502	1,086,532	500,134	324,421
Gratuity	18,635,080	17,182,661	6,201,511	5,520,473
Employer's contribution to provident fund	15,328,958	15,313,993	4,420,731	5,025,714
Leave encashment	5,276,286	3,380,514	1,753,604	1,085,228
Group life insurance	1,885,823	1,835,799	658,534	795,426
Compensation	338,160	441,060	67,000	411,060
	<u>383,934,693</u>	<u>449,847,790</u>	<u>136,232,105</u>	<u>139,399,776</u>
25.2 Repairs and indirect materials				
Stores, spares, repair & maintenance	196,504,277	265,499,905	83,186,811	91,626,506
Packing expenses	<u>180,056,678</u>	<u>254,781,896</u>	<u>83,981,562</u>	<u>89,385,956</u>
	386,560,955	520,281,801	167,168,373	180,012,462
25.3 Other production overhead				
Hotel fees and taxi expenses	769,061	2,743,481	233,511	1,116,173
Demurrage	2,850,142	1,930,924	2,226,668	679,112
Insurance	20,978,448	19,960,429	6,407,098	7,370,642
Hiring charges and transportation	2,776,224	5,657,959	1,093,183	320,047
Other expenses	11,231,906	4,056,965	4,220,839	1,158,426
	<u>38,604,781</u>	<u>34,349,758</u>	<u>14,180,491</u>	<u>10,644,400</u>

	30 Sep 2020	30 Sep 2019	July to Sep 2020	July to Sep 2019
	Taka	Taka	Taka	Taka
26 Other Income				
Dividend Income	100	200	-	-
Miscellaneous Income	91,541	79,340	61,915	79,340
Rental Income	2,400,000	5,327,688	599,999	899,999
Profit on sale of fixed assets (note 5.3)	224,736	2,630	118,933	-
Gain on retirement of right of use assets (note 6.1)	-	6,290,178	-	-
	2,716,377	11,700,036	780,847	979,339
27 Administrative expenses				
Staff cost (note 27.2)	134,696,251	141,557,126	45,193,391	44,918,304
Annual General Meeting expenses	1,637,060	4,912,634	63,048	258,898
Telephone and postage	4,386,084	4,309,415	1,311,921	1,216,386
Office repair and maintenance (note 27.3)	6,118,633	8,842,758	2,153,428	3,460,234
Registration and renewal	815,603	618,321	358,327	179,941
Security and guard expenses	11,552,119	9,019,195	4,028,748	3,061,982
Electricity, gas and water	4,905,944	6,279,242	2,652,957	2,704,785
Depreciation on property, plant & equipment (note 5.2)	26,137,444	26,138,234	8,862,539	9,831,762
Depreciation on investment property (note 5.2)	1,945,719	1,877,434	2,456,970	2,654,666
Depreciation on right of use assets (note 6)	3,473,364	4,619,055	374,467	597,266
Amortisation	7,708,591	7,679,103	2,951,237	2,512,972
Legal and professional fees	7,718,812	10,889,800	3,433,747	3,852,777
Vehicle repair and maintenance	2,893,752	5,158,583	422,457	964,039
Rent, rate and tax	475,595	-	475,595	-
Loss on right of use assets (Note : 6.1)	2,301,456	3,534,278	1,132,060	1,354,096
IT expenses	7,263,458	7,239,873	4,334,888	3,230,636
General Servicing	1,268,924	697,500	450,080	155,000
Donation	5,155,180	26,196,055	5,155,180	8,280,917
Managing Director's remuneration (note 27.4)	8,271,890	9,995,582	1,310,207	1,371,656
Technical consultancy & others	246,802,273	287,249,757	87,969,841	90,580,125
27.1 Impairment loss on trade receivable				
Unrelated parties	2,869,764	1,691,077	466,708	536,326
Related parties	1,944,867	1,481,507	-	638,532
	4,814,631	3,172,584	466,708	1,174,858
New classification of financial assets shown in note 35.1(b) Impairment loss allowance has not been considered on other receivables and bank balances because business is confident to recover the full amount from the party.				
27.2 Staff cost				
Salary & wages	97,707,016	104,978,940	33,164,695	33,233,464
Overtime	-	26,364	-	8,350
Bonus	13,085,343	12,959,418	4,511,073	2,724,780
Incentive	163,137	-	47,980	-
Gratuity	5,680,676	5,800,351	1,859,033	1,851,505
Employer's contribution to provident fund	5,121,872	5,551,448	1,612,841	1,815,166
Leave encashment	1,684,025	1,192,168	568,405	378,592
Group life insurance	481,132	574,190	191,594	225,862
Canteen and conveyance expenses	4,308,550	6,671,052	1,724,418	3,188,180
Staff uniform expenses	566,757	695,921	231,406	191,451
Travelling expenses	2,333,209	1,462,855	1,220,019	727,961
Compensation	2,728,897	92,340	100,000	92,340
Medical expenses	517,801	957,931	255,594	284,495
Accommodation expenses	117,000	318,324	39,000	58,404
Other employee benefit	200,836	275,824	(332,765)	137,644
	134,696,251	141,557,126	45,193,391	44,918,304
Accommodation expenses includes rent expenses for short term lease for BDT. 1,091,670 and related government levies whenever applicable. Details of the short term lease is shown in note 34. No low value item exists at the reporting period.				
27.3 Office repair & maintenance				
Repairs office equipment	250,592	716,495	101,280	29,774
Office maintenance	5,868,041	8,126,263	2,052,148	3,430,460
	6,118,633	8,842,758	2,153,428	3,460,234
27.4 Managing Director's remuneration				
Provision made during the period	5,155,180	26,196,055	5,155,180	8,280,917
	5,155,180	26,196,055	5,155,180	8,280,917
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.				

	30 Sep 2020	30 Sep 2019	July to Sep 2020	July to Sep 2019
	Taka	Taka	Taka	Taka
28 Marketing & selling expenses				
Staff cost (note 28.1)	49,956,764	44,533,286	18,306,242	14,459,877
Advertisement	10,080,440	7,554,817	3,157,360	3,089,048
Freight and transportation	181,168,453	186,024,644	67,851,912	60,112,470
Compensation	2,811,258	8,909,692	2,003,609	1,259,333
Business promotion	19,293,448	26,707,089	2,313,903	10,603,047
Depreciation on property, plant & equipment	4,070,118	3,440,215	1,355,553	1,058,589
Depreciation on right of use assets (note 6)	10,383,309	8,212,501	3,461,103	2,428,113
Showroom, office & house rent	5,535,732	6,878,031	2,464,622	1,684,410
Sample expenses	2,363,843	4,292,828	863,956	1,460,589
Travel, entertainment and others	-	-	-	-
	<u>289,413,583</u>	<u>300,915,140</u>	<u>103,738,253</u>	<u>97,201,937</u>
Showroom, office and house rent includes rent expenses for short term lease for BOT. 141,500 and related government levies wherever applicable. Details of the short term lease is shown in note no 34. No low value Rem exists at the reporting period.				
28.1 Staff cost				
Salary & wages	34,471,111	32,717,117	11,538,528	11,031,580
Bonus	5,675,629	3,324,362	2,815,700	612,477
Incentive	-	173,977	-	-
Gratuity	2,348,031	1,958,423	775,796	653,577
Employer's contribution to provident fund	1,900,733	1,731,614	450,171	641,708
Leave Encashment	701,671	400,383	231,552	135,158
Group life insurance	275,003	170,787	81,437	68,781
Conveyance & food expenses	4,478,100	3,869,279	2,413,058	1,249,092
Compensation	108,486	139,920	-	-
Staff Uniform expenses	-	67,424	-	67,424
	<u>49,956,764</u>	<u>44,533,286</u>	<u>18,306,242</u>	<u>14,459,877</u>
28.2 Salary & wages under staff cost (note no. 25.1, 27.2 & 28.1) includes employee contribution to provident fund for BOT. 15,328,958, BOT. 5,121,872 & BOT. 1,900,733.				
29 Finance income				
Interest on bank account (SND)	6,603,815	4,513,769	1,316,641	1,530,876
Interest on fixed deposits	32,284,302	14,160,721	5,428,523	5,811,698
	<u>38,888,117</u>	<u>18,674,490</u>	<u>6,745,164</u>	<u>7,342,574</u>
30 Finance expenses				
Interest expenses against loan	8,876,325	11,217,164	5,629,137	2,452,274
Interest expenses against lease liability	2,883,150	10,397,699	937,486	3,158,587
Foreign exchange loss	994,728	2,699,071	1,012,724	58,738
Bank charges	2,022,792	866,580	422,325	223,874
	<u>14,876,996</u>	<u>25,180,514</u>	<u>8,001,672</u>	<u>5,893,473</u>
31 Contribution to worker's profit participation and welfare fund				
Provision made during the period	8,182,825	38,637,249	8,182,825	12,213,741
	<u>8,182,825</u>	<u>38,637,249</u>	<u>8,182,825</u>	<u>12,213,741</u>
32 Current tax				
Current period	70,015,702	220,776,795	48,603,205	68,469,571
	<u>70,015,702</u>	<u>220,776,795</u>	<u>48,603,205</u>	<u>68,469,571</u>
33 Reconciliation of effective tax rate				
	30 Sep 2020		30 Sep 2019	
	Taka		Taka	
Profit before tax	% 140,050,656	%	745,323,207	
Current tax expenses	49.99% 70,015,702	29.62%	220,776,795	
Deferred tax expenses	-13.73% (19,222,564)	-1.26%	(9,372,313)	
Total tax expenses	36.27% 50,793,138	28.36%	211,404,482	
Expected income tax using applicable tax rate for individual company	37.51% 52,539,415	29.99%	223,526,106	
Tax on non-deductible expenses	12.3% 17,476,287	-0.4%	(2,749,311)	
Effective current tax	49.99% 70,015,702	29.62%	220,776,795	
Effective deferred tax	-13.73% (19,222,564)	-1.26%	(9,372,313)	
	36.27% 50,793,138	28.36%	211,404,482	
34 Short term lease expenses				
	Nature of the lease	Lease term	Allocation	Rent Payment
	Rented accommodation	<1 year	Admin	1,091,670
	Rented accommodation	<1 year	MarketInq	141,500
				<u>1,233,170</u>

39 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 analyze 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

39.1 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 receivables 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 2020	As at 31 Dec 2019	As at 30 Sep 2020	As at 31 Dec 2019
Trade receivables	-	-	961,331,470	806,902,780
Customer-Local	-	79,297	-	6,573,037
Customer-Export	-	79,297	961,331,471	813,475,817
Other receivables				
Receivable against Insurance claim			-	38,287,131
Accrued Interest			6,512,040	8,197,308
Accrued rental income			4,074,513	-
			<u>12,409,560</u>	<u>46,484,439</u>
Cash equivalents			<u>1,299,358,202</u>	<u>1,495,681,647</u>

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 30 September 2020.

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	416,194,781	411,323,789	4,870,992
Trade receivable-related	10.1	Loan & receivable	Amortized cost	559,177,389	550,007,682	9,169,707
Cash & cash equivalent	13	Loan & receivable	Amortized cost	1,299,358,202	1,299,358,202	-

i The above table provides information ECLs till date. Impairment provision till Dec 2019 was Tk. 9,226,068 and provision made during the period is Tk. 4,814,631.

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 2020	As at 31 Dec 2019
Not past due	905,018,032	751,147,363
0-90 days past due	22,668,269	32,705,826
91-180 days past due	14,379,570	18,869,623
181-365 days past due	15,178,691	3,437,613
over 365 days past due	4,086,969	7,315,492
	<u>961,331,471</u>	<u>813,475,817</u>

35.2 Liquidity risk

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

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

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

	As at 30 Sep 2020			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	50,717	50,717	50,717	-
Trade and other payables	642,489,318	642,489,318	642,489,318	-
Short term borrowing	173,137,154	173,137,154	173,137,154	-
Term loan	1,733,803	1,733,803	1,733,803	-
	817,410,892	817,410,892	817,410,892	-

	As at 31 Dec 2019			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	691,725,531	691,725,531	691,725,531	-
Term loan	89,232,918	89,232,918	89,232,918	-
	780,958,449	780,958,449	780,958,449	-

35.3 Market risk

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

a) Currency risk

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

1) Exposure to currency risk

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

	As at 30 Sep 2020				As at 31 Dec 2019			
	AED	GBP	USD	EUR	AED	GBP	USD	EUR
Foreign currency denominated assets	-	-	-	-	-	-	78,297	-
Receivable from customers-Export	-	-	157,476	-	-	-	141,204	-
Cash at bank	-	-	167,476	-	-	-	219,501	-

	As at 30 Sep 2020				As at 31 Dec 2019			
	AED	GBP	USD	EUR	AED	GBP	USD	EUR
Foreign currency denominated liabilities	-	-	-	-	-	-	-	-
Trade payables	-	111,303	2,015,906	168,417	-	132,189	2,201,698	1,373,117
Short term borrowings	-	-	1,413,235	-	-	-	1,050,417	-
Term loan	-	-	20,410	-	-	-	3,183,368	-
Royalty & Technical Fees	-	-	3,454,787	-	-	-	-	-
	-	111,303	6,904,338	168,417	-	132,189	6,635,383	1,373,117
Net exposure	-	(111,303)	(6,746,861)	(168,417)	-	(132,189)	(6,415,892)	(1,373,117)

The Company has foreign exchange loss of TK 994,728 during the period ended 30 Sep 2020 (30 Sep 2019: Exchange loss TK 2,699,071).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	30 Sep 2020	31 Dec 2019
	Taka	Taka
AED	23.0355	23.0627
GBP	108.7253	111.3864
USD	84.4500	84.4500
EURO	99.3309	95.0948

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 2020		As at 31 Dec 2019	
	Profit or (loss)		Profit or (loss)	
	Strengthening Taka	Weakening Taka	Strengthening Taka	Weakening Taka
At 30 September				
GBP (3 percent movement)	(3,442)	3,242	(4,088)	3,850
USD (3 percent movement)	(208,686)	196,511	(198,429)	186,870
EURO (3 percent movement)	(5,209)	4,905	(42,468)	39,994

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 2020	As at 31 Dec 2019
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	738,352,823	791,506,905
Cash at banks	561,005,378	704,174,743
Financial liabilities		
Term loan	1,733,803	89,232,918
Bank overdraft	50,717	-
Short term borrowing	173,137,154	-

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 2020		As at 31 Dec 2019	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	738,352,823	738,352,823	791,506,305	791,506,305
Loans and receivables				
Trade receivables	961,131,471	961,131,471	813,475,817	813,475,817
Other receivables	12,409,560	12,409,560	46,484,439	46,484,439
Cash equivalents	1,299,358,202	1,299,358,202	1,495,681,647	1,495,681,647
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	1,733,803	1,733,803	89,232,918	89,232,918
Bank overdraft	50,717	50,717	-	-
Trade and other payables	642,489,318	642,489,318	691,725,531	691,725,531
Short term borrowing	173,137,154	173,137,154	-	-

Interest rates used for determining a mortised cost

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

	30 Sep 2020	31 Dec 2019
Investment in FDR (local currency/BDT)	1.95%-6%	1.95%-10.50%
Bank overdraft (local currency/BDT)	3%	8.00%-10.25%
Short term bank loan (local currency/BDT)	3%	9.50%-10.00%
Short term bank loan (foreign currency/USD)	Ubor+2.75%-3.5%	Ubor+2.75%
Long term bank loan (foreign currency/USD)	Ubor+3%	Ubor+3%

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

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advance	Outstanding payable	Remuneration	Dividend Income
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	208,259,991	9,586,957	9,586,957	29,825,681	-	40,999,900
				Current period	260,342,634	7,868,539	7,868,539	59,775,602	-	61,999,600
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period	28,415,231	-	-	6,860,435	-	4,950,000
				Current period	41,854,343	-	-	4,875,104	-	4,950,000
RAK Ceramics - UAE	Parent	Unsecured	Nil	Current period	4,992,192	-	-	23,374,948	-	-
				Current period	13,777,607	-	-	23,374,948	-	-
Ceramin FZ LLC	Fellow subsidiary	Secured	Nil	Current period	318,543,447	-	-	-	-	-
				Current period	308,936,885	-	-	40,377,985	-	-
Juphar Pharmaceuticals Ltd.	Other related party	Unsecured	Nil	Current period	-	2,520,000	-	-	-	-
				Current period	120,326	2,400,000	878,858	5,144	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	410,085	2,700,000	855,000	44,952	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period	41,821,326	-	-	5,370,868	-	-
				Current period	49,614,869	-	-	4,403,749	-	-
Palli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current period	7,762,019	-	-	754,960	-	-
				Current period	11,202,051	-	-	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	381,373	-	-	-	-	-
				Current period	276,217	-	-	-	-	-
Green Planet Communications	Other related party	Unsecured	Nil	Current period	379,457	-	-	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period	6,414	-	-	-	-	-
				Current period	750,363	-	-	-	-	-
Pelikan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current period	37,038,034	-	-	8,085,967	-	-
				Current period	23,810,497	-	-	2,370,432	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period	-	1,220,178,467	558,411,247	-	-	-
				Current period	-	1,588,698,525	423,683,288	-	-	-
S.A.K. Ekramuzaman	Key Management Personnel	Unsecured	Nil	Current period	1,919,250	-	-	5,155,180	5,155,180	-
				Current period	1,952,959	-	-	26,196,055	26,196,055	-
Imtiaz Hussain	Key Management Personnel	Unsecured	Nil	Current period	-	-	-	-	-	-
				Current period	-	-	-	854,572	8,658,588	-

36.1 Paid to Directors

During the period, provision was made as MD's remuneration for Taka- 5,155,180.

During the period, Board meeting fees of Taka 75,000 was paid to the board members for attending the Board meetings.

37 Segment reporting

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

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

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

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

30 September 2020

	Business Segments			Entity total Taka
	Ceramic & sanitary ware Taka	Power Taka	Security and services Taka	
Revenue - external customers	3,368,825,340	5,457,758	38,104,360	3,412,387,458
Revenue - Inter segment	-	208,289,991	29,439,622	(237,709,613)
Total segment revenue	3,368,825,340	213,727,749	67,543,982	3,412,387,458
Cost of sales- external customer	(2,519,932,217)	(173,909,306)	(56,009,466)	(2,749,850,989)
Cost of sales- Inter segment	(236,685,222)	(3,529,656)	-	240,214,878
Total segment cost of sales	(2,756,617,439)	(177,438,962)	(56,009,466)	(2,749,850,989)
Gross profit	612,207,901	36,288,787	11,534,516	662,536,469
Other Income	224,218	91,541	518	316,277
Dividend Income	45,349,800	50,000	100	100
Rental Income	11,986,957	-	-	2,400,000
Financial Income	37,151,446	1,699,543	37,129	38,888,117
Financial expenses	(14,681,928)	(160,820)	(34,247)	(14,876,994)
Depreciation	(321,054,174)	(10,953,549)	(162,680)	(332,170,403)
Other operating expenses	(208,127,712)	4,003,409	(12,918,608)	(217,042,910)
Segment profit before tax	163,656,506	31,018,911	(3,543,272)	140,050,656
Income tax expense	(58,220,002)	(11,795,700)	-	(70,015,702)
Deferred tax	15,180,858	3,876,154	165,552	19,222,564
Non -Controlling Interest	-	98	0.00	98
Profit for the period	-	-	-	89,257,420

30 September 2019

	Business Segments				Entity total Iaka
	Ceramic & sanitary ware Iaka	Power Iaka	Security and services Iaka	Inter segment Iaka	
Revenue - external customers	4,528,179,023	-	41,012,217	-	4,569,191,240
Revenue - inter segment	-	260,342,634	43,060,682	(303,403,316)	-
Total segment revenue	4,528,179,023	260,342,634	84,072,899	(303,403,316)	4,569,191,240
Cost of sales- external customer	(2,942,291,546)	(185,464,023)	(71,331,747)	-	(3,199,087,315)
Cost of sales- inter segment	(302,296,877)	(7,034,027)	-	309,331,004	-
Total segment cost of sales	(3,244,588,523)	(192,498,050)	(71,331,747)	309,331,004	(3,199,087,315)
Gross profit	1,283,590,501	67,844,584	12,741,152	-	1,370,103,925
Other income	6,292,808	79,340	-	-	6,372,148
Dividend income	86,949,600	50,000	200	(86,999,600)	200
Rental income	13,088,559	-	-	(7,760,870)	5,327,689
Financial income	17,163,758	1,466,768	43,964	-	18,674,490
Financial expenses	(25,105,013)	(2,337,641)	(61,582)	2,323,723	(25,180,514)
Depreciation	(307,353,275)	(11,112,453)	(262,393)	-	(318,728,121)
Other operating expenses	(301,881,949)	3,759,183	(13,123,844)	-	(311,246,611)
Segment profit before tax	772,744,987	59,749,781	(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	-	-	-	-	533,918,527

	<u>30 Sep 2020</u>	<u>30 Sep 2019</u>
	<u>Taka</u>	<u>Taka</u>
38 Calculation of Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	<u>89,257,420</u>	<u>533,918,527</u>
(b) No. of ordinary equity shares	<u>427,968,701</u>	<u>427,968,701</u>
(c) Weighted average no. of equity shares outstanding (Note 38.1)	<u>427,968,701</u>	<u>427,968,701</u>
Earnings per share (EPS) for the period (a÷c)	<u>0.21</u>	<u>1.25</u>
Diluted earnings per share for the period (a÷c)	<u>0.21</u>	<u>1.25</u>
39 Calculation of Net assets value per share		
(a) Net assets value (Note 14, 15 & 16)	<u>6,801,914,875</u>	<u>7,123,998,747</u>
(b) Weighted average no. of equity shares outstanding (Note 38.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net assets value per share (a÷b)	<u>15.89</u>	<u>16.65</u>
40 Calculation of Net operating cash flow per share		
(a) Net Cash flows from operating activities (Note 41.1)	<u>449,752,526</u>	<u>870,156,769</u>
(b) Weighted average no. of equity shares outstanding (Note 38.1)	<u>427,968,701</u>	<u>427,968,701</u>
Net operating cash flow per share (a÷b)	<u>1.05</u>	<u>2.03</u>

38.1 Weighted average number of ordinary shares

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

	<u>30 Sep 2020</u>	<u>30 Sep 2019</u>
Outstanding shares	<u>427,968,701</u>	<u>427,968,701</u>
	<u>427,968,701</u>	<u>427,968,701</u>

38.2 Diluted earning per share

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

38.3 Reason of deviation of earnings per share:

Due to COVID-19 pandemic there was country-wide lockdown in Bangladesh since 26th of March 2020 which caused closure of outlets/stores of company's dealers, suspension of production in the factory, disruption of supply chain which causing reduction of earnings per share to 0.21 compare to corresponding period 1.25.

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

Due to COVID-19 pandemic there was country-wide lockdown in Bangladesh since 26th of March 2020 which caused closure of outlets/stores of company's dealers, suspension of production in the factory, disruption of supply chain which causing reduction of operating cash flow per share to 1.05 compare to corresponding period 2.03.

41.1 Reconciliation of operating cash flow:

	<u>30 Sep 2020</u>	<u>30 Sep 2019</u>
Cash flows from operating activities		
Profit before taxation	140,050,656	745,323,207
Adjustment for:		
Depreciation	344,499,429	328,626,191
Amortization	3,473,364	4,619,055
Loss on right of use assets	475,595	-
Advance rent adjustment	(6,293,495)	-
Foreign exchange loss	994,728	2,699,071
Finance expenses	13,882,266	22,481,443
Finance Income	(38,888,117)	(18,674,490)
Other income	(2,624,835)	(11,620,695)
	<u>455,569,590</u>	<u>1,073,453,781</u>
Increase/decrease in trade and other receivables	(149,678,661)	69,613,751
Increase/decrease in inventories	417,313,908	67,997,133
Increase/decrease in trade and other payables	(169,593,029)	(87,176,023)
Cash generated from operating activities	<u>553,611,804</u>	<u>1,123,888,646</u>
Interest received from bank deposit	6,603,815	4,513,769
Income tax paid	(110,463,093)	(258,245,646)
Net cash (used in)/from operating activities	<u>449,752,526</u>	<u>870,156,769</u>

42 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 1,150,151,869 (30 Sep 2019: Tk 888,227,095). 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 324,992,470 (30 Sep 2019: Tk 459,271,101) and letter of guarantee of Tk 76,296,728 (30 Sep 2019: Tk 80,798,487).

The company issued two corporate guarantee value BDT. 205 mn (HSBC) and BDT. 70 mn (SCB) in favour of subsidiary company to avail loan from banks. Outstanding loan against the said corporate guarantees are nil at 30 September 2020. Therefore no credit loss allowances is expected.