

RAK Ceramics (Bangladesh) Ltd.
RAK Tower (7th, 8th & 9th Floor)
Plot 1/A, Jasimuddin Avenue, Sector 3,
Uttara, Dhaka 1230

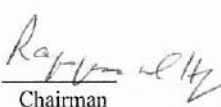
RAK Ceramics (Bangladesh) Limited


Consolidated financial statements
for the period from 1 January 2016 to 31 March 2016


RAK Ceramics (Bangladesh) Ltd
Consolidated statement of financial position
as at 31 March 2016

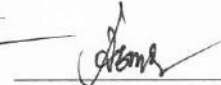
	Notes	31 Mar 2016 Taka	31 Dec 2015 Taka
Assets			
Property, plant and equipment	4	2,241,532,842	2,311,590,599
Intangible assets	6	16,426,442	6,683,955
Capital work-in-progress	7	1,815,037,735	1,545,379,710
Trade and other receivables	10	111,037,500	148,050,000
Total non-current assets		4,184,034,519	4,011,704,264
Inventories	9	2,257,266,539	2,239,844,230
Trade and other receivables	10	646,089,236	638,387,373
Loan to disposed subsidiary	8	201,898,000	201,898,000
Advances, deposits and prepayments	11	471,937,665	340,158,392
Advance income tax	12	2,244,372,861	2,219,806,786
Cash and cash equivalents	13	1,052,453,218	1,101,566,520
Total current assets		6,874,017,519	6,741,661,301
Total assets		11,058,052,038	10,753,365,565
Equity			
Share capital	14	3,368,506,110	3,368,506,110
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,432,085,697	1,196,443,022
Equity attributable to equity holders of the company		6,274,239,786	6,038,597,111
Non-controlling interests		1,664	1,529
Total equity		6,274,241,450	6,038,598,640
Liabilities			
Borrowings	17	794,149,680	420,624,802
Deferred tax liability	15	71,365,672	75,811,194
Total non-current liabilities		865,515,352	496,435,996
Employees benefits payable	16	10,557,261	26,224,135
Borrowings	17	509,656,803	771,119,369
Trade and other payables	18	497,891,199	640,626,199
Accrued expenses	19	227,444,127	196,618,285
Provision for income tax	20	2,672,745,846	2,583,742,941
Total current liabilities		3,918,295,236	4,218,330,929
Total liabilities		4,783,810,588	4,714,766,925
Total equity and liabilities		11,058,052,038	10,753,365,565

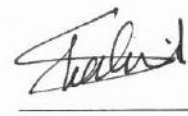
The notes on pages 5 to 37 are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer

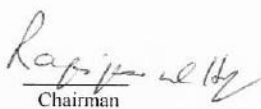

Company Secretary

Dhaka, Bangladesh
Dated, 03 May 2016

RAK Ceramics (Bangladesh) Ltd
Consolidated profit or loss and other comprehensive Income
for the period from 1 January 2016 to 31 March 2016

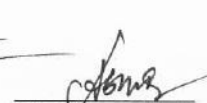
	Notes	31 Mar 2016 Taka	31 Mar 2015 Taka
Sales	21	1,311,182,196	1,226,405,680
Cost of sales	22	(745,724,126)	(697,354,547)
Gross profit		565,458,070	529,051,133
Other income	23	600,000	621,403,060
Administrative expenses	24	(76,808,057)	(641,981,560)
Marketing and selling expenses	25	(160,962,034)	(195,001,639)
		(237,170,091)	(215,580,139)
Profit from operating activities		328,287,979	313,470,994
Finance income	26	12,372,140	62,608,037
Finance expenses	27	(6,581,890)	(1,635,541)
Net finance income		5,790,250	60,972,496
Share of profit/(loss) of equity-accounted investees	5	-	(3,492,211)
Profit before contribution to worker's profit participation and welfare fund		334,078,229	370,951,279
Contribution to worker's profit participation and welfare fund	28	(13,878,036)	(6,981,838)
Profit before income tax		320,200,193	363,969,441
Income tax expense			
Current tax	29	(89,002,905)	(123,751,245)
Deferred tax	15	4,445,522	4,430,652
		(84,557,383)	(119,320,593)
Profit for the period		235,642,810	244,648,848
Other comprehensive income		-	-
Total comprehensive income for the period		235,642,810	244,648,848
Profit attributable to:			
Equity holders of the company		235,642,675	233,158,996
Non-controlling interests		135	11,489,852
Profit after tax for the period		235,642,810	244,648,848
Basic earnings per share (Par value TK 10)	33	0.70	0.69


The notes on pages 5 to 37 are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dhaka, Bangladesh
Dated, 03 May 2016

RAK Ceramics (Bangladesh) Ltd

Consolidated statement of changes in equity

for the period from 1 January 2016 to 31 March 2016

	Attributable to owners of the Company				Non-controlling	Total
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka	interests Taka	equity Taka
Balance as at 01 January 2015	3,368,506,110	1,473,647,979	1,077,275,395	5,919,429,484	(58,949,789)	5,860,479,695
Total comprehensive income for 2015	-	-	233,158,996	233,158,996	11,489,852	244,648,848
Profit/(loss) for the period	-	-	(275)	(275)	(499,725)	(500,000)
Prior year adjustment	-	-	-	-	195,261,930	195,261,930
Elimination on disposal of subsidiary	-	-	-	-	147,302,268	147,302,268
Balance as at 31 March 2015	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>1,310,434,116</u>	<u>6,152,588,205</u>	<u>147,302,268</u>	<u>6,299,890,473</u>
Balance as at 01 January 2016	3,368,506,110	1,473,647,979	1,196,443,022	6,038,597,111	1,529	6,038,598,640
Total comprehensive income for 2016	-	-	235,642,675	235,642,675	135	235,642,810
Profit/(loss) for the period	-	-	-	-	1,664	1,664
Balance as at 31 March 2016	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>1,432,085,697</u>	<u>6,274,239,786</u>	<u>1,664</u>	<u>6,274,241,450</u>

The notes on pages 5 to 37 are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd
Consolidated statement of cash flows
for the period from 1 January 2016 to 31 March 2016

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	1,209,594,140	1,023,011,199
Cash payments to suppliers and employees	(1,064,229,590)	(991,976,458)
Cash generated from operating activities	<u>145,364,550</u>	<u>31,034,741</u>
Interest received from bank deposit	995,109	1,016,451
Income tax paid	(24,566,075)	(59,983,051)
Net cash (used in)/from operating activities	<u>121,793,584</u>	<u>(27,931,859)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(271,354,485)	(156,969,852)
Sale of property, plant and equipment	129,500	-
Disposal proceeds of subsidiary and associate	-	361,914,560
Interest received from FDR	10,020,603	22,388,691
Income from rented depot	600,000	600,000
Intangible assets	(12,346,418)	-
Net cash (used in)/from investing activities	<u>(272,950,800)</u>	<u>227,933,399</u>
Cash flows from financing activities		
Finance charges	(9,121,930)	(1,758,035)
Avail/(repayment) of term loan	373,524,878	-
Avail/(repayment) of short-term loan	(261,462,566)	180,310,206
Dividend paid	(550,868)	(113,575)
Unclaimed share application refund	(345,600)	(134,400)
Loan realized from associate	-	9,836,846
Net cash (used in)/from financing activities	<u>102,043,914</u>	<u>188,141,042</u>
Net increase/(decrease) in cash and cash equivalents	<u>(49,113,302)</u>	<u>388,142,582</u>
Cash and cash equivalents as at 01 January	<u>1,101,566,520</u>	<u>1,475,522,002</u>
Cash and cash equivalents as at 31 March	<u>1,052,453,218</u>	<u>1,863,664,584</u>

The notes on pages 5 to 37 are an integral part of these financial statements.

RAK Ceramics (Bangladesh) Limited

Notes to the Consolidated Financial Statements as at and for the period from 1 January 2016 to 31 March 2016

1. Reporting entity

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

1.1 Nature of business

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

1.2 Description of subsidiaries

RAK Pharmaceuticals Pvt. Ltd.

RAK Pharmaceuticals Pvt. Ltd. was incorporated in Bangladesh under the Companies Act 1994 on 29 June 2005 as a private company limited by shares with an authorised capital of BDT 500 million divided into 5 million ordinary shares of Taka 100 each. Authorised capital of the Company has been increased from Taka 500 million to 1,500 million divided into 150 million ordinary shares of Taka 10 each in the year 2011. The Company has gone into operation from 15 July 2009. The paid up capital of company is Taka 940.04 million. The registered office of the Company is at RAK Tower (10 floor), Plot No.: 1/A, Jasimuddin Avenue, Sector No.: 3, Uttara, Dhaka-1230. The factory is located at Vill.: Faridpur, P.S.: Sreepur, Dist.: Gazipur. The Company owns and operates modern pharmaceutical facility which produces and sells pharmaceutical drugs and medicines including biological and non-biological drugs. 55% shares of RAK Pharmaceuticals Pvt. Ltd's is held by RAK Ceramics (Bangladesh) Limited has been fully sold off effective from 01 January, 2015.

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 as at 31 Mar 2016. The Company has gone into operation from 1 May 2009. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, 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 100% through purchase of 881,495 number of ordinary shares of BDT 100 each in consideration of BDT 255 per share totaling to BDT 224,781,225 only from all the other shareholders of RAK Power Pvt. Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Power (Pvt.) Ltd on 20 October 2015

RAK Security and Services Pvt. Limited

RAK Security and Services Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 21 December 2006 as a private company limited by shares with an authorized capital of Taka 1,00,000,000 divided into 1,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 1,000,000 as at 31 Mar 2016. The Company has gone into operation from 1 May 2007. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, 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 100% 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 Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and the Securities and Exchange Rules 1987.

The title and format of these financial statements follow the requirements of BFRS 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 BFRS 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 03 May 2016.

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 BFRSs 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 15	Deferred tax liability
Note 16	Employees benefit payable
Note 20	Provision for income tax

2.5 Reporting period

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

2.6 Going concern

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

3 Significant accounting policies

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

3.1 Basis of consolidation

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

BFRS-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 statements 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.

Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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 instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.2.1 Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in the statement of profit or loss and other comprehensive income.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented by the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Loans and receivables

Loans and 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, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Non-derivative financial assets comprise investment in associates, loans to associates, trade & other receivables and cash and cash equivalents.

a) Investment in associates

Investments in associates are recognised initially at cost plus any directly attributable transaction costs. Subsequent to initial recognition, investment in associates are measured at cost less impairment loss, if any.

b) Loans to associates

Loans to associates are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses.

c) 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 bad debts provision.

d) Cash and cash equivalents

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

3.2.2 Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Non-derivative financial liabilities comprise trade & other payables, and interest bearing borrowings.

a) Trade & other payables

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

b) Borrowings

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

3.3 Share capital

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

3.4 Property, plant and equipment

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

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

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

3.4.1 Depreciation on property, plant and equipment

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

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

Category of property, plant and equipment	Rate (%)
Factory building	2.5-5
General building	2.5-20
Head Office building	2.5-5
Plant and machinery	5-10
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixture and equipment	10
Office equipment	10-20
Communication equipment	10-20
Tools and appliances	10-20
Vehicles	10-20
Fire fighting equipment	20

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

3.5 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.

3.6 Intangible assets

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

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

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

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

3.7 Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments

In respect of finance lease, lease payments are apportioned between finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are reflected in profit or loss.

Operating leases payments are recognised as an expense in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.8 Inventories

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

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

3.9 Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.10 Employee benefit schemes

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

Defined contribution plan (provident fund)

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

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

Defined benefit plan

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

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

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

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

3.12 Provisions

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

3.13 Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue from sale of goods is recognised when the company has transferred significant risk and rewards of ownership of the goods to the buyer and the revenue and costs incurred to effect the transaction can be measured reliably in compliance with the requirements of Bangladesh Accounting Standard (BAS) -18 "Revenue".

3.14 Finance income and expenses

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

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

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

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

3.15 Foreign currency

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

3.16 Taxation

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

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2014.

Deferred tax:

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

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

3.17 Earning per share

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

3.18 Determination and presentation of operating segment

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

3.19 Contingencies

Contingent liability

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

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

Contingent asset

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

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

3.20 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with Bangladesh Accounting Standard (BAS)-7 "Statement of cash flows" as required by the Securities and Exchange Rules 1987.

3.21 Events after the reporting period

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

3.22 Comparatives and reclassification

Comparative information have been disclosed in respect of 2015 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 at 31 Mar 2016		
	Balance at 01 Jan 2016	Addition due to acquisition	Additions	Sale/ disposal	Transfer to held for sale	Total at 31 Mar 2016	Rate (%)	Up to 01 Jan 2016	Addition due to acquisition	Charged for the period		Adjustment	Transfer to held for sale
Land	790,157,357	-	-	-	-	790,157,357	-	-	-	-	-	-	790,157,357
Factory building	486,550,770	-	-	-	-	486,550,770	2.5-5	254,767,601	-	5,812,079	-	-	260,579,680
Office building	199,973,534	-	-	-	-	199,973,534	2.5-5	81,674,994	-	2,487,048	-	-	84,162,042
Plant and machinery	3,525,500,749	-	207,150	-	-	3,525,707,899	5-10	2,544,072,048	-	50,897,039	-	-	2,594,969,087
Mobile plant	103,009,939	-	-	-	-	103,009,939	10-20	74,859,697	-	1,799,793	-	-	76,659,490
Electrical installation	183,272,165	-	-	-	-	183,272,165	10-20	157,552,492	-	2,255,518	-	-	159,808,010
Gas pipeline	48,136,891	-	-	-	-	48,136,891	10-20	43,155,571	-	269,780	-	-	23,464,155
Furniture and fixtures	30,958,310	-	19,280	-	-	30,977,590	10	21,990,483	-	691,314	-	-	43,425,257
Office equipment	95,373,111	-	240,368	-	-	95,613,479	10-20	19,990,457	-	4,196,747	-	-	21,987,793
Communication equipment	10,133,036	-	64,575	-	-	10,197,611	10-20	4,149,046	-	289,523	-	-	24,187,204
Tools and appliances	8,739,426	-	-	-	-	8,739,426	10-20	5,748,154	-	1,654,339	-	-	4,438,569
Vehicles	70,061,529	-	-	-	-	70,061,529	10-20	33,009,675	-	1,889,935	(7,170)	-	5,913,593
Fire fighting equipments	3,631,012	-	-	-	-	3,631,012	20	-	-	-	-	-	34,592,600
Total at 31 March 2015	5,555,499,829	-	531,373	(141,919)	-	5,555,889,283	-	3,243,909,230	-	70,454,381	(7,170)	-	3,631,012
													2,241,532,842

31 Dec 2015

Amounts in Taka

Particulars	C O S T					D E P R E C I A T I O N					Net book value at 31 Dec 2015		
	Balance at 01 Jan 2015	Addition due to acquisition	Additions	Sale/ disposal	Transfer to held for sale	Total at 31 Dec 2015	Rate (%)	Up to 01 Jan 2015	Addition due to acquisition	Charged for the year		Adjustment	Transfer to held for sale
Land	763,396,041	7,596,466	19,164,250	-	-	790,157,357	-	-	-	-	-	-	790,157,357
Factory building	462,050,577	-	24,500,193	-	-	486,550,770	2.5-5	232,033,103	-	22,734,498	-	-	254,767,601
Office building	83,568,695	-	12,757,294	-	-	96,325,989	2.5-20	33,969,010	-	4,184,242	-	-	38,153,252
Head office building	103,647,545	-	-	-	-	103,647,545	2.5-5	38,339,365	-	5,182,377	-	-	43,521,742
Plant and machinery	3,141,538,261	-	383,962,488	-	-	3,525,500,749	5-10	2,350,570,895	-	193,501,155	-	-	2,544,072,048
Mobile plant	92,979,017	-	10,030,322	-	-	103,009,939	10	67,868,822	-	6,990,875	-	-	74,859,697
Electrical installation	176,368,708	-	6,903,457	-	-	183,272,165	10-20	148,310,240	-	9,042,352	-	-	28,150,242
Gas pipeline	45,985,579	-	4,151,512	-	-	50,137,091	10-20	42,107,920	-	1,047,651	-	-	25,719,673
Furniture and fixtures	27,395,225	-	3,097,824	(59,587)	-	30,988,310	10	18,467,403	203,077	2,656,588	(28,585)	-	43,155,571
Office equipment	23,535,785	-	1,210,380	(268,780)	-	23,477,385	10-20	16,404,913	603,708	3,208,712	(226,876)	-	21,298,483
Communication equipment	7,373,533	-	2,759,503	-	-	10,133,036	10-20	3,426,449	-	722,597	-	-	19,990,457
Tools and appliances	7,611,979	136,105	1,007,692	(16,550)	-	8,739,426	10-20	5,015,836	109,996	672,394	(10,072)	-	4,149,046
Vehicles	62,904,376	2,389,725	4,767,228	-	-	70,061,529	10-20	35,726,318	995,125	6,288,232	-	-	5,913,593
Fire fighting equipments	3,631,012	-	-	-	-	3,631,012	20	-	-	-	-	-	34,592,600
Total at 31 December 2015	4,999,805,533	11,857,524	544,181,489	(344,717)	-	5,555,499,829	-	2,946,071,284	1,911,906	256,191,573	(265,533)	-	3,631,012
													3,243,909,230
													2,241,532,842

4 (a) BAK Security and Services Pvt. Ltd. (Acquisition Company)

Particulars	C O S T					D E P R E C I A T I O N					Net book value at 31 Dec 2015		
	Balance at 20 Oct 2015	Additions	Sale/ disposal	Transfer to held for sale	Total at 31 Dec 2015	Rate (%)	Balance at 20 Oct 2015	Addition due to acquisition	Charged for the period	Adjustment		Transfer to held for sale	Total to 31 Dec 2015
Land	7,596,466	-	-	-	7,596,466	-	-	-	-	-	-	-	7,596,466
Furniture and fixtures	524,848	-	(59,587)	-	465,261	10	203,077	-	8,270	(28,585)	-	-	182,702
Office equipment	1,210,380	-	(268,780)	-	941,600	10	603,708	-	11,216	(226,876)	-	-	388,048
Tools and appliances	136,105	-	(16,550)	-	119,555	20	109,996	-	1,312	(10,072)	-	-	553,552
Vehicles	2,389,725	-	-	-	2,389,725	20	995,125	-	63,882	-	-	-	1,012,256
Total at 31 December 2015	11,857,524	-	(344,717)	-	11,512,807	-	1,911,906	-	84,680	(265,533)	-	-	1,731,053
													9,781,754

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	Taka	Taka
4.1 Depreciation charged on the basis of the purpose of use		
Cost of goods manufactured (Note 22)	63,685,834	52,581,064
Administrative expenses (Note 24)	6,768,447	5,204,302
	<u>70,454,281</u>	<u>57,785,366</u>

4.2 Disposal of property, plant and equipment

31 Mar 2016

Particulars	Original cost	Accumulated depreciation	Book value	Insurance claim receipt	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Motor bike	141,919	7,070	134,849	129,500	(5,349)
Total	141,919	7,070	134,849	129,500	(5,349)

31 Dec 2015

Particulars	Original cost	Accumulated depreciation	Book value	Sale/Lost	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Furniture & fixture	59,587	28,585	31,002	13,100	(17,902)
Office equipment	400,501	226,876	173,625	145,281	(28,344)
Tools & appliances	16,350	10,072	6,278	300	(5,978)
Total	476,438	265,533	210,905	158,681	(52,224)

5 Equity-accounted investees

Share of net profit/(loss) :	Ownership	Reprising date	Nature of investment	Income	Expenses	Tax expenses	Profit or (loss)	Share of profit/(loss)
31 March 2015								
RAK Security and Services Pvt. Ltd.	35%	31 Mar 2015	Associate	17,285,473	14,948,561	817,919	1,518,993	531,648
RAK Paints Pvt. Ltd.:	47%	31 Mar 2015	Associate	173,115,641	180,958,181	-	(7,842,540)	(3,685,994)
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 Mar 2015	Associate	87,089,723	91,561,460	-	(4,471,737)	(337,865)
								<u>(3,492,211)</u>

	31 Mar 2016 Taka	31 Dec 2015 Taka
6 Intangible assets		
Balance as at 1 January	6,683,955	4,815,453
Add: Addition during the period	<u>12,346,418</u>	<u>5,673,511</u>
	19,030,373	10,488,964
Less: Amortisation during the period (Note-6.1)	<u>2,603,931</u>	<u>3,805,009</u>
Balance as at 31 March	<u><u>16,426,442</u></u>	<u><u>6,683,955</u></u>
6.1 Amortisation charged on the basis of the purpose of use		
Administrative expenses (Note - 24)	<u>2,603,931</u>	<u>478,643</u>
	<u><u>2,603,931</u></u>	<u><u>478,643</u></u>
7 Capital Work-in-Progress		
Balance as at 1 January	1,545,379,710	289,116,566
Add: Addition during the period	<u>270,823,112</u>	<u>1,767,883,626</u>
	1,816,202,822	2,057,000,192
Less: Transfer to property, plant & equipment during the period (note 7.1)	-	506,960,135
Impairment loss on capital equipment during the period	<u>1,165,087</u>	<u>4,660,347</u>
Balance as at 31 March	<u><u>1,815,037,735</u></u>	<u><u>1,545,379,710</u></u>
7.1 Items transferred from capital work in progress to property, plant & equipment		
Factory building	-	24,500,193
Factory office building	-	12,757,294
Plant & machinery	-	384,578,817
Mobile plant	-	10,030,322
Electrical installation	-	5,003,457
Gas pipe line	-	3,321,512
Furniture & fixture	-	495,965
Communication equipment	-	1,316,503
Office equipment	-	64,956,072
	<u>-</u>	<u>506,960,135</u>
8 Loan to disposed subsidiary		
RAK Pharmaceuticals Pvt. Ltd.	201,898,000	201,898,000
	<u><u>201,898,000</u></u>	<u><u>201,898,000</u></u>
9 Inventories		
Raw materials	<u>923,595,018</u>	<u>852,533,747</u>
Less : Provision for obsolescence made during the period	<u>(1,114,007)</u>	<u>(4,665,753)</u>
	922,481,011	847,867,994
Stores and consumables spares	1,002,355,195	957,748,655
Finished goods	205,595,113	216,781,132
Work-in-process	30,071,793	37,268,593
Goods-in-transit	<u>96,763,427</u>	<u>180,177,856</u>
	<u><u>2,257,266,539</u></u>	<u><u>2,239,844,230</u></u>

	31 Mar 2016	31 Dec 2015
	Taka	Taka
10 Trade and other receivables		
Non current :		
Receivable against disposal of investment	111,037,500	148,050,000
Current :		
Trade receivables (Note 10.1)	523,756,200	553,947,412
	<u>523,756,200</u>	<u>553,947,412</u>
Accrued interest (Note 10.2)	4,540,422	3,659,847
Receivable against disposal of investment	117,792,614	80,780,114
	<u>646,089,236</u>	<u>638,387,373</u>
10.1 Trade receivables		
Receivables from local sales	522,984,657	553,303,108
Receivables from export sales	771,543	644,304
	<u>523,756,200</u>	<u>553,947,412</u>
10.2 Accrued interest		
Interest accrued on FDR	4,540,422	3,659,847
	<u>4,540,422</u>	<u>3,659,847</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	45,843	18,726
Land advance & others	28,880,525	28,421,141
Suppliers against material & services	297,774,235	159,240,033
	<u>326,700,603</u>	<u>187,679,900</u>
Security and other deposits:		
Titas gas	20,215,520	20,215,520
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and supplementary duty (note 11.1)	53,815,099	58,015,290
Deposit with income tax authority	9,705,739	9,705,739
Deposit with VAT authority	7,530,001	7,530,001
Other deposits	1,491,853	1,491,853
	<u>94,713,212</u>	<u>98,913,403</u>
Prepayments:		
House rent	10,326,655	10,715,974
Insurance	39,940,780	42,609,058
Others	256,415	240,057
	<u>50,523,850</u>	<u>53,565,089</u>
	<u>471,937,665</u>	<u>340,158,392</u>

	<u>31 Mar 2016</u> Taka	<u>31 Dec 2015</u> Taka
11.1 Supplementary duty & VAT		
Balance as at 1 January	58,015,290	41,050,431
Add: Treasury deposit for SD & VAT purpose	261,300,000	987,440,000
Rebate of input VAT	63,777,997	298,183,784
	<u>383,093,287</u>	<u>1,326,674,215</u>
Add: Receivable - SD & VAT	-	657,660
	<u>383,093,287</u>	<u>1,327,331,875</u>
Less: SD & VAT on sales	329,260,904	1,268,899,645
Payable- SD & VAT	17,283	416,940
	<u>329,278,188</u>	<u>1,269,316,585</u>
Balance as at 31 March	<u><u>53,815,099</u></u>	<u><u>58,015,290</u></u>

12 Advance Income Tax

Balance as at 1 January	2,219,806,786	2,013,796,131
Add: Paid during the period	24,566,075	191,578,493
Add: Addition due to acquisition of RAK Security	-	14,432,162
Balance as at 31 March (notes 12.1)	<u><u>2,244,372,861</u></u>	<u><u>2,219,806,786</u></u>

12.1 Payment for the year

Income year

Current period	24,566,075	
Year 2015	150,935,063	150,935,063
Year 2014	295,379,428	295,379,428
Year 2013	392,118,319	392,118,319
Year 2012	336,319,884	336,319,884
Year 2011	327,998,384	327,998,384
Year 2010	265,684,491	265,684,491
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>2,244,372,861</u></u>	<u><u>2,219,806,786</u></u>

	31 Mar 2016 <u>Taka</u>	31 Dec 2015 <u>Taka</u>
13 Cash and cash equivalents		
Cash in hand	2,872,125	1,877,620
Cash at banks		
HSBC (current account -001-013432-011,001-107580-011,001-096015-011, 001-096007-011 - BDT)	37,920,020	41,911,217
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	9,002,600	62,681,974
Citibank N.A. (current account - G0100001200262018 - BDT)	7,283,038	11,566,925
Dutch Bangla Bank Ltd. (current account - 117-110-12733,117-110-2481, 117.110.23474 -BDT)	6,049,153	18,647,617
HSBC (ERQ account - 001-013432-047 - USD)	3,011,126	4,595,333
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	266,309	267,806
EXIM Bank (SND account - 01513100031877 - BDT)	113,239	113,239
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	400,613	400,958
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	55,437,018	133,216,271
BRAC Bank (SND - 1513101731248001 - BDT)	353,966	354,466
Prime Bank Ltd. (SND - 12531010022563 - BDT)	22,608,992	14,168,711
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	25,000	-
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	3,000,801	7,792,797
	<u>145,471,875</u>	<u>295,717,314</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	43,401	389,032
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,941,472	3,941,472
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,608
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,594	126,593
	<u>4,265,075</u>	<u>4,610,705</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,629,251	2,636,151
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,330,453	2,326,783
SCB (Current - 02-6162940-02- BDT) - 2012	3,883,781	3,893,227
SCB (Current - 02-6162940-03- BDT) - 2013	16,661,916	16,679,336
SCB (Current - 02-6162940-04- BDT) - 2014	5,131,842	5,685,749
	<u>30,637,243</u>	<u>31,221,246</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	30,674,551	30,652,345
SCB	762,080	762,080
Prime Bank Ltd.	155,393,709	155,000,000
Dutch Bangla Bank Ltd.	682,376,559	581,725,210
	<u>869,206,899</u>	<u>768,139,635</u>
Total	<u>1,052,453,218</u>	<u>1,101,566,520</u>

	<u>31 Mar 2016</u>	<u>31 Dec 2015</u>
	<u>Taka</u>	<u>Taka</u>
14 Share Capital		
Authorised :		
600,000,000 ordinary shares of Taka 10/- each	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued, subscribed, called and paid up :		
336,850,611 ordinary shares of Taka 10/- each	<u>3,368,506,110</u>	<u>3,368,506,110</u>
	<u>3,368,506,110</u>	<u>3,368,506,110</u>

Percentage of shareholdings :

	<u>2016</u>		<u>2015</u>	
	%	Taka	%	Taka
RAK Ceramics PSC, UAE	71.67	2,414,100,210	71.67	2,414,100,210
S.A.K. Ekramuzzaman	4.22	142,119,850	4.22	142,119,850
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	280	0.00	280
Sheikh Omer Bin Saqr Al Qassimi	0.00	280	0.00	280
Sheikh Ahmad Bin Humaid al Qassimi	0.00	280	0.00	280
Hamad Abdulla Al Muttawa	0.00	140	0.00	140
Dr. Khater Massaad	0.00	140	0.00	140
Abdallah Massaad	0.00	140	0.00	140
Manoj Uttamrao Ahire	0.00	140	0.00	140
General Public	24.11	812,284,650	24.11	812,284,650
	<u>100.00</u>	<u>3,368,506,110</u>	<u>100.00</u>	<u>3,368,506,110</u>

Classification of shareholders by holding

<u>Shareholder's range</u>	<u>Number of shareholders</u>		<u>Number of shares</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Less than 500 shares	30,119	32,023	6,267,178	6,687,947
501 to 5,000 shares	7,536	8,478	10,168,950	11,550,626
5001 to 10,000 shares	533	623	3,920,111	4,591,318
10,001 to 20,000 shares	286	302	4,169,060	4,371,383
20,001 to 30,000 shares	100	110	2,522,460	2,717,968
30,001 to 40,000 shares	43	47	1,541,867	1,695,813
40,001 to 50,000 shares	28	31	1,305,834	1,400,209
50,001 to 100,000 shares	60	77	4,175,024	5,437,755
100,001 to 1,000,000 shares	75	76	23,525,578	21,716,461
Over 1,000,000 shares	10	8	279,254,549	276,681,131
	<u>38,790</u>	<u>41,775</u>	<u>336,850,611</u>	<u>336,850,611</u>

	31 Mar 2016	31 Dec 2015
	<u>Taka</u>	<u>Taka</u>
15 Deferred tax liabilities		
Balance as at 1 January	75,811,194	78,418,185
Less : Deferred tax (income)/expenses	(4,445,522)	(2,606,991)
Balance as at 31 March	<u>71,365,672</u>	<u>75,811,194</u>

16 Employees benefits payable

Providend fund	4,185,535	3,292,467
Gratuity fund	6,371,726	22,931,668
	<u>10,557,261</u>	<u>26,224,135</u>

	2016		
	<u>Providend fund</u>	<u>Gratuity fund</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as at 1 January	3,292,467	22,931,668	26,224,135
Add: Provision made during the period	10,416,805	6,344,732	16,761,537
	13,709,272	29,276,400	42,985,672
Less: Payments made to fund during the period	9,523,737	22,904,674	32,428,411
Balance as at 31 March	<u>4,185,535</u>	<u>6,371,726</u>	<u>10,557,261</u>

	2015		
	<u>Providend fund</u>	<u>Gratuity fund</u>	<u>Total</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Balance as at 1 January	2,715,018	68,456,325	71,171,343
Add: Provision made during the year	34,825,936	21,384,334	56,210,270
Add: Addition due to acquisition of RAK Security	375,674	1,852,138	2,227,812
	37,916,628	91,692,797	129,609,425
Less: Payments made to fund during the year	34,624,161	68,761,129	103,385,290
Balance as at 31 December	<u>3,292,467</u>	<u>22,931,668</u>	<u>26,224,135</u>

17 Borrowings

Non-current:		
Term loan	1,025,535,466	497,742,616
Current portion of term loan	(231,385,786)	(77,117,814)
	<u>794,149,680</u>	<u>420,624,802</u>
Current:		
Short-term borrowings	278,271,017	694,001,555
Current portion of term loan	231,385,786	77,117,814
	509,656,803	771,119,369
Balance as at 31 March	<u>1,303,806,483</u>	<u>1,191,744,171</u>

17.1 Borrowings by maturity

At 31 March 2016	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term borrowings	278,271,017	-	-	-	278,271,017
Term loan	231,385,786	259,294,147	534,855,533	-	1,025,535,466
	<u>509,656,803</u>	<u>259,294,147</u>	<u>534,855,533</u>	<u>-</u>	<u>1,303,806,483</u>
At 31 December 2015	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term borrowings	694,001,555	-	-	-	694,001,555
Term loan	77,117,814	124,789,765	295,835,037	-	497,742,616
	<u>771,119,369</u>	<u>124,789,765</u>	<u>295,835,037</u>	<u>-</u>	<u>1,191,744,171</u>

	<u>31 Mar 2016</u>	<u>31 Dec 2015</u>
	<u>Taka</u>	<u>Taka</u>
18 Trade and other payables		
Trade payables		
Payable to local suppliers	167,550,494	146,223,649
Payable to foreign suppliers	151,269,683	329,901,031
Payable to service provider	85,204,904	44,247,355
Payable to C & F agent	15,716,366	18,636,933
	<u>419,741,447</u>	<u>539,008,968</u>
Other payables		
Tax deducted at source	437,825	18,862,935
VAT deducted at source	511,100	9,109,375
Dividend Payable	29,987,404	30,538,272
Unclaimed share application	18,428,036	18,773,636
Advance from customer against sales	14,038,119	22,393,794
Security deposit	1,657,969	1,939,219
GR/IR payable accounts	13,089,299	-
	<u>78,149,752</u>	<u>101,617,231</u>
	<u>497,891,199</u>	<u>640,626,199</u>
19 Accrued expenses		
Power and gas	23,515,474	23,895,998
Staff cost	56,892,263	69,173,773
Audit fees	811,500	846,000
Professional charges	336,563	338,000
Interest on loans	1,495,042	4,035,081
Telephone	230,778	146,882
Provision of exchange rate difference	746,570	-
Provision for freight	3,447,424	-
Managing Director's remuneration (Note 19.1)	43,363,722	34,075,485
Worker's profit participation and welfare fund (Note 19.2)	67,942,436	54,064,400
Royalty and technical know-how fees (Note 19.3)	20,568,531	2,399,388
Others	8,093,824	7,643,278
	<u>227,444,127</u>	<u>196,618,285</u>
29.1 Managing Director's remuneration		
Balance as at 1 January	34,075,485	30,682,702
Add: Provision made during the period	9,288,237	34,075,485
Less : Adjustment for prior period	-	(16,850,928)
	<u>43,363,722</u>	<u>47,907,259</u>
Less: Paid to Managing Director	-	13,831,774
Balance as at 31 March	<u>43,363,722</u>	<u>34,075,485</u>
19.2 Worker's profit participation and welfare fund		
Balance as at 1 January	54,064,400	48,623,250
Add: Contribution made to the fund during the period	13,878,036	54,064,400
Less : Adjustment for prior period	-	(26,758,639)
	<u>67,942,436</u>	<u>75,929,011</u>
Less: Payment made from the fund during the period	-	21,864,611
Balance as at 31 March	<u>67,942,436</u>	<u>54,064,400</u>

	<u>31 Mar 2016</u>	<u>31 Dec 2015</u>
	<u>Taka</u>	<u>Taka</u>
19.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	2,399,388	38,352,170
Add: Provision made during the period	21,919,143	80,414,124
Add: Adjustment for prior period	-	233,797
	<u>24,318,531</u>	<u>119,000,091</u>
Less: Payment made during the period	-	36,683,680
Less: Tax provision on disallowance of royalty paid for the year 2009	3,750,000	25,000,000
Less: Tax provision on disallowance of royalty paid for the year 2010	-	36,160,532
Less: Tax provision for delay payment of vat on royalty for the year 2010	-	18,756,491
Balance as at 31 March	<u>20,568,531</u>	<u>2,399,388</u>

Royalty has been calculated @ 8% of Profit before tax.

20 Provision for income Tax

Balance as at 1 January	2,583,742,941	2,182,344,567
Add: Provision made for the period	89,002,905	319,661,270
Add: Provision made for earlier period	-	54,917,023
Add: Adjustment for prior period	-	11,928,337
Add: Addition due to acquisition of RAK Security	-	14,891,744
Balance as at 31 March (Note 20.1)	<u>2,672,745,846</u>	<u>2,583,742,941</u>

20.1 Provision for income Tax

Income year

Current period	89,002,905	
Year 2015	323,397,728	323,397,728
Year 2014	381,571,248	381,571,248
Year 2013	364,979,858	364,979,858
Year 2012	341,267,796	341,267,796
Year 2011	328,376,284	328,376,284
Year 2010	350,044,556	350,044,556
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>2,672,745,846</u>	<u>2,583,742,941</u>

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	<u>Taka</u>	<u>Taka</u>
21 Sales		
Gross sales (Local)	1,647,161,569	1,519,168,865
Gross sales (Export)	771,438	11,803,680
Total Sales	<u>1,647,933,007</u>	<u>1,530,972,545</u>
Less: Supplementary Duty	116,213,327	108,573,773
VAT	220,537,484	195,993,092
Net sales	<u><u>1,311,182,196</u></u>	<u><u>1,226,405,680</u></u>
22 Cost of sales		
Materials consumed:		
Opening stock as at 1 January	847,867,994	699,653,297
Add: Purchase during the period	<u>452,043,960</u>	<u>408,232,773</u>
	1,299,911,954	1,107,886,070
Less: Closing stock as at 31 March	<u>922,481,011</u>	<u>735,240,990</u>
	377,430,943	372,645,080
Manufacturing overhead:		
Direct labour (Note 22.1.1)	80,808,005	68,798,304
Direct expenses:		
Power and gas	29,938,583	41,171,702
Repairs and indirect materials (Note 22.1.2)	150,150,630	139,007,552
Rental charges	205,435	205,435
Moulds and punches	3,047,679	7,660,801
Depreciation	63,685,834	52,581,064
Royalty and technical know-how/assistance fees (22.1.3)	18,169,143	1,860,534
Other production overhead (Note 22.1.4)	11,351,603	7,187,008
Movement in stock	<u>10,936,271</u>	<u>6,237,067</u>
	<u><u>745,724,126</u></u>	<u><u>697,354,547</u></u>

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	Taka	Taka
22.1.1 Direct Labour		
Salary & Wages	36,091,336	42,210,928
Overtime	7,396,571	3,237,711
Bonus	8,145,017	5,995,659
Incentive	128,319	151,205
Temporary Labour Wages	21,018,849	11,152,556
Gratuity	4,312,503	3,184,173
Employer's Contribution to provident fund	3,555,069	2,510,987
Group Life Insurance	160,341	355,085
	<u>80,808,005</u>	<u>68,798,304</u>
22.1.2 Repairs and indirect materials		
Stores, Spares, repair & Maintenance	78,663,449	77,907,424
Packing expenses	71,487,181	61,100,128
	<u>150,150,630</u>	<u>139,007,552</u>
22.1.3 Royalty and technical know-how/assistance fees		
Royalty and technical know-how/assistance fees	21,919,143	20,440,934
Add : Adjustment for prior period	-	233,797
Less : Tax provision on disallowance of royalty paid for the year 2009	3,750,000	5,000,000
Less : Tax provision on disallowance of royalty paid for the year 2010	-	9,125,074
Less : Tax provision for delay payment of vat on royalty for the year 2010	-	4,689,123
	<u>18,169,143</u>	<u>1,860,534</u>
22.1.4 Other production overhead		
Hotel fare and expenses for technician	3,616,423	924,505
Demurrage	79,657	730,692
Insurance	3,758,788	3,670,294
Hiring charges	18,865	-
Impairment loss on capital equipment	1,165,087	582,543
Provision for obsolescence	1,114,007	645,167
Other expenses	1,598,776	633,807
	<u>11,351,603</u>	<u>7,187,008</u>
23 Other income		
Rental income	600,000	600,000
Gain on disposal of investment against subsidiary	-	600,568,643
Gain on disposal of investment against associates	-	20,234,417
	<u>600,000</u>	<u>621,403,060</u>
24 Administrative Expenses		
Staff cost (note-24.1)	35,791,027	28,393,947
Annual General Meeting expenses	1,008,244	1,789,939
Telephone and postage	1,924,945	1,488,203
Office repair and maintenance (note 24.2)	1,342,370	2,297,506
Registration and renewal	212,462	169,141
Security and guard expenses	2,958,202	3,017,795
Electricity, gas and water	1,293,670	781,532
Depreciation	6,768,447	5,204,302
Amortisation	2,603,931	478,643
Legal and professional fees	2,105,813	1,089,814
Vehicle repair and maintenance	3,445,877	2,112,721
Rent, rate and tax	2,568,644	547,675
Loss on sale of property, plant and equipment	5,349	-
Write off of loan and interest to subsidiary :		
Current period	-	10,100,916
Prior period	-	578,548,552
CSR expenses	1,590,000	47,500
Managing Director's remuneration (note-24.3)	9,288,237	4,449,114
Technical consultancy & others	3,900,839	1,464,260
	<u>76,808,057</u>	<u>641,981,560</u>

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	Taka	Taka
24.1 Staff cost		
Salary & Wages	23,999,208	19,434,619
Bonus	3,624,571	2,596,331
Incentive	404,193	398,984
Gratuity	1,688,873	1,316,230
Employer's Contribution to provident fund	1,375,315	1,071,498
Group Life Insurance	77,555	152,771
Canteen, conveyance and food expenses	2,429,011	380,392
Staff uniform expenses	167,445	186,384
Hotel, tour, food and air ticket	1,073,322	1,910,978
Food expenses	162,156	592,902
Medical expenses	298,754	84,104
Accommodation expenses	-	49,114
Other employee benefit	483,864	-
Travelling & conveyance	6,760	219,641
	<u>35,791,027</u>	<u>28,393,947</u>
24.2 Office repair & maintenance		
Repairs office equipment	434,537	113,171
Office maintenance	907,833	2,184,335
	<u>1,342,370</u>	<u>2,297,506</u>
24.3 Managing Director's remuneration		
Provision made during the period	9,288,237	8,661,846
Less : Adjustment for prior period	-	(4,212,732)
	<u>9,288,237</u>	<u>4,449,114</u>
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.		
25 Marketing & Selling Expenses		
Staff cost (note-25.1)	6,433,324	8,321,814
Advertisement	315,410	2,062,057
Freight and transportation	50,337,636	73,044,577
Performance rebates (note-25.2)	64,564,590	61,031,439
Business promotion	5,704,476	9,458,045
Discount	28,554,322	33,475,874
Travel, entertainment and others	5,052,276	7,607,833
	<u>160,962,034</u>	<u>195,001,639</u>
25.1 Staff cost		
Salary & Wages	4,600,156	5,400,358
Bonus	596,739	624,501
Incentive	500,000	1,434,637
Gratuity	343,356	417,401
Employer's Contribution to provident fund	278,018	333,921
Group Life Insurance	70,703	45,195
Conveyance & food expenses	44,352	65,801
	<u>6,433,324</u>	<u>8,321,814</u>
25.2 Performance rebates		
Compensation	1,577,528	11,895,858
Dealers' commission	22,915,669	23,858,701
Breakage commission	40,071,393	25,276,880
	<u>64,564,590</u>	<u>61,031,439</u>

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
	Taka	Taka
26 Finance income		
Interest on bank account (SND)	995,109	1,016,451
Interest on loan to associate	-	11,351,755
Interest on FDR	10,901,178	20,090,042
Exchange gain	475,853	30,149,789
	<u>12,372,140</u>	<u>62,608,037</u>
27 Financial expenses		
Interest expenses	6,026,616	1,465,719
Bank charges	555,274	169,822
	<u>6,581,890</u>	<u>1,635,541</u>
28 Contribution to Worker's Profit Participation and welfare Fund		
Provision made during the period	13,878,036	13,671,498
Less : Adjustment for prior period	-	(6,689,660)
	<u>13,878,036</u>	<u>6,981,838</u>
29 Current tax		
Current period	89,002,905	98,008,712
Other tax provision	-	13,814,196
Adjustment for prior period	-	11,928,337
	<u>89,002,905</u>	<u>123,751,245</u>

30 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD		Amounts in Taka	
	As at 31 Mar 2016	As at 31 Dec 2015	As at 31 Mar 2016	As at 31 Dec 2015
Trade receivables				
Customer-Local	-	-	522,984,657	553,303,108
Customer-Export	9,911	8,260	771,543	644,304
	<u>9,911</u>	<u>8,260</u>	<u>523,756,200</u>	<u>553,947,412</u>
Other receivables				
Accrued Interest			4,540,422	3,659,847
Receivable against disposal of investment			228,830,114	228,830,114
			<u>233,370,536</u>	<u>232,489,961</u>
Loan to disposed subsidiary				
RAK Pharmaceuticals Pvt. Ltd.			201,898,000	201,898,000
			<u>201,898,000</u>	<u>201,898,000</u>
Cash equivalents			<u>1,049,581,093</u>	<u>1,099,688,900</u>

b) Ageing of receivables

The ageing of trade receivables as at 31 March was:

	Amounts in Taka	
	As at 31 Mar 2016	As at 31 Dec 2015
Not past due		
0-90 days past due	492,432,183	545,496,820
91-180 days past due	30,004,645	2,692,474
181-365 days past due	1,319,372	5,758,118
	<u>523,756,200</u>	<u>553,947,412</u>

30.2 Liquidity risk

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

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

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

	As at 31 March 2016			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	497,891,199	497,891,199	497,891,199	-
Short term borrowing (foreign)	278,271,017	278,271,017	278,271,017	-
Term loan (foreign)	1,025,535,466	1,025,535,466	231,385,786	794,149,680
	<u>1,801,697,682</u>	<u>1,801,697,682</u>	<u>1,007,548,002</u>	<u>794,149,680</u>
	As at 31 December 2015			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	640,626,199	640,626,199	640,626,199	-
Short term borrowing	694,001,555	694,001,555	694,001,555	-
Term loan	497,742,616	497,742,616	77,117,814	420,624,802
	<u>1,832,370,370</u>	<u>1,832,370,370</u>	<u>1,411,745,568</u>	<u>420,624,802</u>

30.3 Market risk

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

a) Currency risk

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

i) Exposure to currency risk

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

	As at 31 March 2016					As at 31 December 2015		
	AED	GBP	USD	EURO	JPY	USD	EURO	JPY
Foreign currency denominated assets								
Receivable from customers-Export	-	-	9,911	-	-	8,260	-	-
Cash at bank	-	-	42,099	-	-	62,348	-	-
	-	-	52,010	-	-	70,608	-	-

	As at 31 March 2016					As at 31 December 2015		
	AED	GBP	USD	EURO	JPY	USD	EURO	JPY
Foreign currency denominated liabilities								
Trade payables	42,715	77,228	622,766	1,031,986	4,200,000	635,721	1,240,389	-
Short term borrowings	-	-	3,459,051	58,800	-	2,148,305	5,932,170	5,145,000
Term loan	-	-	13,006,157	-	-	6,300,539	-	-
Royalty & Technical Fees	-	-	260,856	-	-	30,372	-	-
	42,715	77,228	17,348,829	1,090,786	4,200,000	9,114,937	7,172,559	5,145,000
Net exposure	(42,715)	(77,228)	(17,296,820)	(1,090,786)	(4,200,000)	(9,044,329)	(7,172,559)	(5,145,000)

The Company has foreign exchange gain of Tk 475,853 during the period ended 31 Mar 2016 (31 Mar 2015: Exchange gain Tk 30,149,789).

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 Mar 2016	31 Dec 2015
	Taka	Taka
AED	21.2854	21.3155
GBP	112.7807	116.3353
USD	78.3500	78.5000
EURO	89.0566	85.8006
JPY	0.6985	0.6518

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, and JPY at 31 March would have increased/(decreased) profit or loss by the amounts shown below.

	As at 31 March 2016		As at 31 December 2015	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 March				
AED (3 percent movement)	(1,321)	1,244	-	-
GBP (3 percent movement)	(2,388)	2,249	-	-
USD (3 percent movement)	(534,953)	503,791	(279,722)	263,427
EURO (3 percent movement)	(33,736)	31,770	(221,832)	208,909
JPY (3 percent movement)	(129,897)	122,330	(159,124)	149,854

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 it has neither floating interest rate bearing financial liabilities nor 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	As at
	31 March 2016	31 December 2015
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	869,206,899	768,139,635
Cash at banks	180,374,193	331,549,267
Financial liabilities		
Term loan (Foreign)	1,025,535,466	497,742,616
Short term borrowing (foreign)	278,271,017	694,001,555

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

	As at 31 March 2016		As at 31 December 2015	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	869,206,899	869,206,899	768,139,635	768,139,635
Loans and receivables				
Trade receivables	523,756,200	523,756,200	553,947,412	553,947,412
Other receivables	233,370,536	233,370,536	232,489,961	232,489,961
Loan to subsidiary and associates	201,898,000	201,898,000	201,898,000	201,898,000
Cash equivalents	1,049,581,093	1,049,581,093	1,099,688,900	1,099,688,900
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	1,025,535,466	1,025,535,466	497,742,616	497,742,616
Trade and other payables	497,891,199	497,891,199	640,626,199	640,626,199
Short term borrowing (foreign)	278,271,017	278,271,017	694,001,555	694,001,555

Interest rates used for determining amortised cost

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

	31 March 2016	31 December 2015
Investment in FDR	3.70%-5.50%	3.70%-7.00%
Term loan	Libor+3%	Libor+3%
Bank overdraft	12.00%-13.50%	12.00%-13.50%
Short term bank loan (local currency)	12.00%-13.50%	12.00%-13.50%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-3.00%)	Libor+(2.75%-3.00%)

31 Related party disclosures under IAS-24

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

Amounts in Taka

Name of related party	Relationship	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables	Outstanding payable	Remuneration	Loan	Interest receivables
31.1									
RAK Pharmaceuticals Pvt. Ltd	Subsidiary	Current period	-	-	201,898,000	-	-	-	-
		Previous period	-	-	-	-	-	-	-
RAK Power Pvt. Ltd	Subsidiary	Current period	82,734,769	1,369,565	1,369,565	54,714,530	-	-	-
		Previous period	64,187,272	1,369,565	1,369,565	21,634,337	-	-	-
RAK Security & Services Pvt. Ltd	Subsidiary	Current period	23,350,806	-	-	7,089,890	-	-	-
		Previous period	17,040,209	-	-	5,552,437	-	-	-
RAK Paints Pvt. Ltd.	Associates	Current period	-	-	-	-	-	-	-
		Previous period	194,038	-	-	102,923	-	49,018,762	-
RAK Ceramics - UAE	Parent	Current period	33,721,065	-	-	35,652,457	-	-	-
		Previous period	54,614,400	-	168,232	3,529,024	-	-	-
Kea Printings & Packaging Industries	Other related party	Current period	96,773,812	-	-	15,595,692	-	-	-
		Previous period	23,144,984	-	-	11,149,003	-	-	-
Palli Properties Pie. Ltd	Other related party	Current period	11,137,513	-	-	1,253,445	-	-	-
		Previous period	1,545,064	-	-	313,420	-	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Current period	4,551,466	-	-	17,163	-	-	-
		Previous period	1,170,714	-	-	82,485	-	-	-
Green Planet Communications	Other related party	Current period	7,088,620	-	-	290,323	-	-	-
		Previous period	2,638,052	-	-	1,153,909	-	-	-
Global Business Associates Ltd.	Other related party	Current period	-	-	-	12,150	-	-	-
		Previous period	-	-	-	-	-	-	-
Mohammed Trading	Other related party	Current period	-	561,670,435	379,604,448	-	-	-	-
		Previous period	-	451,959,715	434,798,166	-	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Current period	-	-	-	43,363,722	9,288,237	-	-
		Previous period	-	-	-	22,493,620	8,661,846	-	-
Imtiaz Hussain	Key Management Personnel	Current period	-	-	-	636,000	2,688,000	-	-
		Previous period	-	-	-	530,000	2,590,000	-	-

31.2 Events after the reporting period

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

31.3 Paid to Directors

During the period, provision was made as MD's remuneration for Taka 9,288,237

During the period, Board meeting fees of Taka 325,000 was paid to the board members for attending the Board meetings

32 Segment reporting

The company has three reportable segments which offer different products and services and are managed Decarately 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 guarding, cleaning services, termite and pest control services and set up manpower technical training.

31 Mar 2016

	Business Segments				Entity total Taka	
	Ceramic & sanitary ware Taka	Power Taka	Security and Services Taka	Inter segment Taka		Prior year adjustment Taka
Revenue - external customers	1,302,888,437	13,053,494	(4,759,735)	-	-	1,311,182,195
Revenue - inter segment	-	82,734,769	24,028,153	(106,762,922)	-	-
Total segment revenue	1,302,888,437	95,788,263	19,268,418	(106,762,922)	-	1,311,182,195
Cost of sales- external customer	(678,838,179)	(53,605,311)	(13,280,636)	-	-	(745,724,126)
Cost of sales- inter segment	(107,655,140)	(477,347)	-	108,132,487	-	-
Total segment cost of sales	(786,493,319)	(54,082,658)	(13,280,636)	108,132,487	-	(745,724,126)
Gross profit	516,395,118	41,705,605	5,987,782	-	-	565,458,069
Rental income	1,969,565	-	-	(1,369,565)	-	600,000
Financial income	11,296,405	1,075,735	-	-	-	12,372,140
Financial expenses	(6,568,907)	(11,803)	(1,180)	-	-	(6,581,890)
Depreciation	(65,903,251)	(4,459,624)	(91,406)	-	-	(70,454,281)
Other operating expenses	(179,628,210)	1,945,061	(3,510,696)	-	-	(181,193,845)
Segment profit before tax	277,560,720	40,254,974	2,384,500	-	-	320,200,194
Income tax expense	(75,333,268)	(12,835,062)	(834,575)	-	-	(89,002,905)
Deferred tax	4,290,777	154,745	-	-	-	4,445,522
Non -Controlling interest	-	135	0.08	-	-	135
Profit for the period	-	-	-	-	-	235,642,675

31 Mar 2015

Business Segments

	Business Segments			Entity total Taka	
	Ceramic & sanitary ware Taka	Pharmaceuticals Taka	Power Taka		Inter segment Taka
Revenue - external customers	1,209,850,608	-	16,555,072	-	1,226,405,680
Revenue - inter segment	-	-	64,187,272	(64,187,272)	-
Total segment revenue	1,209,850,608	-	80,742,344	(64,187,272)	1,226,405,680
Cost of sales- external customer	(658,559,877)	-	(38,794,670)	-	(697,354,547)
Cost of sales- inter segment	(65,556,837)	-	-	65,556,837	-
Total segment cost of sales	(724,116,714)	-	(38,794,670)	65,556,837	(697,354,547)
Gross profit	485,733,894	-	41,947,674	-	529,051,133
Other income	1,969,565	-	-	619,433,495	621,403,060
Financial income	61,270,838	-	1,337,199	-	62,608,037
Financial expenses	(1,631,286)	-	(4,255)	-	(1,635,541)
Depreciation	(53,385,025)	-	(4,400,341)	-	(57,785,366)
Other operating expenses	(788,407,988)	-	2,228,318	-	(786,179,670)
Share of profit of equity-accounted investee	-	-	-	-	(3,492,211)
Segment profit before tax	(294,450,002)	-	41,108,595	-	363,969,441
Income tax expense	(109,516,311)	-	(14,234,934)	-	(123,751,245)
Deferred tax	4,583,726	-	(153,074)	-	4,430,652
Non -Controlling interest	-	-	11,489,852	-	11,489,852
Profit for the period	-	-	-	-	233,158,996

	<u>31 Mar 2016</u> Taka	<u>31 Mar 2015</u> Taka
33 Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company	<u>235,642,675</u>	<u>233,158,996</u>
No. of ordinary equity shares	<u>336,850,611</u>	<u>336,850,611</u>
Weighted average no. of equity shares outstanding (Note 33.1)	<u>336,850,611</u>	<u>336,850,611</u>
Earnings per share (EPS) for the period	<u>0.70</u>	<u>0.69</u>

33.1 Weighted average number of ordinary shares

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

	<u>31 Mar 2016</u>	<u>31 Mar 2015</u>
Outstanding shares	<u>336,850,611</u>	<u>336,850,611</u>
	<u>336,850,611</u>	<u>336,850,611</u>

33.2 Diluted earning per share

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

34 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 352,091,093 (31 Mar 2015: Tk 565,672,983). 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 117,472,685 (31 Mar 2015: Tk 1,087,279,264) and letter of guarantee of Tk 38,625,334 (31 Mar 2015: Tk 38,625,334).

35 Other disclosures

35.1 Changes in policy & estimates

Changes of royalty policy from 2.5% of net sales to 8% of PBT or 2.5% of net sales whichever is lower effective from 01 January 2012.