

RAK Ceramics (Bangladesh) Limited

**Report and consolidated financial statements
as at and for the year ended 31 December 2014**



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**Independent Auditor's Report
to the Shareholders of
RAK Ceramics (Bangladesh) Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of RAK Ceramics (Bangladesh) Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of RAK Ceramics (Bangladesh) Limited and its subsidiaries as at 31 December 2014 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.

Other matter

The financial statements of two subsidiaries of RAK Ceramics (Bangladesh) Limited are audited by another auditor who expressed an unmodified opinion on those financial statements on 3 February 2015.

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and Securities and Exchange Rules 1987, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) the statement of consolidated financial position and consolidated statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account;
- d) the expenditure incurred was for the purposes of the Company's business.

Dhaka, 3 February 2015


RRH

Rahman Rahman Huq

RAK Ceramics (Bangladesh) Limited
Consolidated statement of financial position
as at 31 December 2014

	Note	2014 Taka	2013 Taka
Assets			
Property, plant and equipment	4	2,013,734,249	2,734,360,116
Equity-accounted investees	5	27,987,349	87,010,905
Intangible assets	6	4,815,453	106,059,779
Capital work in progress	7	289,116,566	35,091,397
Loan to associate	8	18,193,968	59,597,389
Total non-current assets		2,353,847,585	3,022,119,586
Inventories	9	1,835,354,727	1,990,139,724
Trade and other receivables	10	580,719,781	557,654,834
Loan to associate	8	40,661,640	35,606,796
Advances, deposits and prepayments	11	367,057,405	231,316,170
Advance income tax	12	2,013,796,131	1,656,003,346
Cash and cash equivalents	13	1,473,926,142	1,493,885,366
Assets held for sale	14	811,614,330	-
Total current assets		7,123,130,156	5,964,606,236
Total assets		9,476,977,741	8,986,725,822
Equity			
Share capital	15	3,368,506,110	3,062,278,290
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,077,275,395	1,280,045,607
Equity attributable to equity holders of the Company		5,919,429,484	5,815,971,876
Non-controlling interests		(58,949,789)	26,333,826
Total equity		5,860,479,695	5,842,305,702
Liabilities			
Borrowings	18	-	18,483,567
Deferred tax liability	16	78,418,185	94,326,905
Total non-current liabilities		78,418,185	112,810,472
Employees benefit payable	17	71,171,343	30,621,832
Borrowings	18	323,755,163	463,219,346
Trade and other payables	19	355,096,186	278,661,728
Accrued expenses	20	190,505,273	418,301,871
Provision for income tax	21	2,182,344,567	1,840,804,871
Liabilities held for sale	14	415,207,329	-
Total current liabilities		3,538,079,861	3,031,609,648
Total liabilities		3,616,498,046	3,144,420,120
Total equity and liabilities		9,476,977,741	8,986,725,822

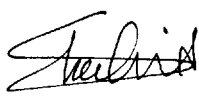
The notes on pages 7 to 44 are an integral part of these financial statements.



 Managing Director



 Director



 Company Secretary

As per our report of same date.



 RRH Auditor

Rahman Rahman Huq
 Chartered Accountant

Dated: 3 February 2015

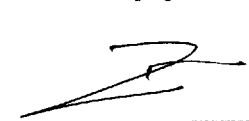


RAK Ceramics (Bangladesh) Limited

**Consolidated profit or loss and other comprehensive income
for the year ended 31 December 2014**

	Note	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Continuing operations			
Sales	22	5,047,345,373	4,724,853,498
Cost of sales	23	<u>(3,072,036,921)</u>	<u>(2,877,646,193)</u>
Gross profit		1,975,308,452	1,847,207,305
Other income	24	<u>3,543,728</u>	<u>6,921,478</u>
Administrative expenses	25	<u>(256,784,745)</u>	<u>(242,628,087)</u>
Marketing and selling expenses	26	<u>(664,746,269)</u>	<u>(486,989,506)</u>
		<u>(917,987,286)</u>	<u>(722,696,115)</u>
Profit from operating activities		1,057,321,166	1,124,511,190
Finance income	27	<u>128,628,332</u>	<u>130,209,677</u>
Finance expenses	28	<u>(7,754,938)</u>	<u>(13,052,860)</u>
Net finance income		120,873,394	117,156,817
Share of profit/(loss) of equity-accounted investees	5	(59,023,556)	(49,674,425)
Profit before contribution to workers' profit participation and welfare fund and income tax		<u>1,119,171,004</u>	<u>1,191,993,582</u>
Contribution to workers' profit participation and welfare fund		<u>(48,623,250)</u>	<u>(59,111,329)</u>
Profit before income tax		1,070,547,754	1,132,882,253
Income tax expense			
Current tax	29	<u>(436,696,552)</u>	<u>(385,132,085)</u>
Deferred tax	16	<u>15,908,720</u>	<u>26,835,483</u>
		<u>(420,787,832)</u>	<u>(358,296,602)</u>
Profit for the year from continuing operations		<u>649,759,922</u>	<u>774,585,651</u>
Discontinued operation			
Profit/(loss) on discontinued operation	30	<u>(161,685,005)</u>	<u>(185,060,273)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>488,074,917</u>	<u>589,525,378</u>
Profit attributable to:			
Equity holders of the company			
Profit for the year from continuing operations		611,564,573	742,766,563
Profit for the year from discontinued operation		<u>(48,765,221)</u>	<u>(60,348,253)</u>
Profit attributable to equity holders of the Company		<u>562,799,352</u>	<u>682,418,310</u>
Non-controlling interests			
Profit for the year from continuing operations		38,195,349	31,819,088
Profit for the year from discontinued operation		<u>(112,919,784)</u>	<u>(124,712,020)</u>
Profit attributable to non-controlling interests		<u>(74,724,435)</u>	<u>(92,892,932)</u>
Basic earnings per share (par value Tk 10)	34	1.67	2.03
Basic earnings per share on continuing operations (par value Tk 10)	34.1	1.82	2.21


The notes on pages 7 to 44 are an integral part of these financial statements.



Managing Director



Director



Company Secretary

As per our report of same date.



RRH Auditor

Dated: 3 February 2015



RAK Ceramics (Bangladesh) Limited
Consolidated statement of changes in equity
for the year ended 31 December 2014

	Attributable to owners of the Company					
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka	Non-controlling interests Taka	Total equity Taka
Balance as at 1 January 2013	2,783,889,350	1,473,647,979	1,293,599,640	5,551,136,969	108,824,662	5,659,961,631
Total comprehensive income for 2013						
Profit/(loss) for the year	-	-	682,418,310	682,418,310	(92,892,932)	589,525,378
Other comprehensive income	-	-	-	-	-	-
Share money deposit	-	-	-	-	35,290,000	35,290,000
Elimination on disposal of subsidiary	-	-	-	-	(2,850,404)	(2,850,404)
Transactions with the shareholders						
Cash dividend (2012)	-	-	(417,583,403)	(417,583,403)	(22,037,500)	(439,620,903)
Stock dividend (2012)	278,388,940	-	(278,388,940)	-	-	-
Balance as at 31 December 2013	<u>3,062,278,290</u>	<u>1,473,647,979</u>	<u>1,280,045,607</u>	<u>5,815,971,876</u>	<u>26,333,826</u>	<u>5,842,305,702</u>
Balance as at 1 January 2014	3,062,278,290	1,473,647,979	1,280,045,607	5,815,971,876	26,333,826	5,842,305,702
Total comprehensive income for 2014						
Profit/(loss) for the year	-	-	562,799,352	562,799,352	(74,724,435)	488,074,917
Other comprehensive income	-	-	-	-	-	-
Subsidiary share capital issued	-	-	-	-	15,885,820	15,885,820
Transactions with the shareholders						
Cash dividend (2013)	-	-	(459,341,744)	(459,341,744)	(26,445,000)	(485,786,744)
Stock dividend (2013)	306,227,820	-	(306,227,820)	-	-	-
Balance as at 31 December 2014	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>1,077,275,395</u>	<u>5,919,429,484</u>	<u>(58,949,789)</u>	<u>5,860,479,695</u>

The notes on pages 7 to 44 are an integral part of these financial statements.



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RAK Ceramics (Bangladesh) Limited
Consolidated statement of cash flows
for the year ended 31 December 2014

	2014 Taka	2013 Taka
Cash flows from operating activities		
Cash receipts from customers	4,813,252,782	4,781,334,737
Cash payments to suppliers and employees	(3,783,585,148)	(3,512,923,228)
Cash generated from operating activities	<u>1,029,667,634</u>	<u>1,268,411,509</u>
Interest received from bank deposit	2,630,912	3,706,360
Income tax paid	(373,424,531)	(348,326,735)
Net cash from operating activities of continuing operations	<u>658,874,015</u>	<u>923,791,134</u>
Net cash from operating activities of discontinued operation	<u>(40,578,053)</u>	<u>(27,440,980)</u>
Net cash from operating activities	<u>618,295,962</u>	<u>896,350,154</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(394,334,296)	(106,015,593)
Sale of property, plant and equipment	1,150,501	3,300,356
Investment in associate	-	(36,750,000)
Interest received from FDR	110,753,575	123,112,886
Acquisition of intangible assets	(5,222,551)	(595,496)
Dividend received	350,000	394,520
Net cash (used in)/from investing activities of continuing operations	<u>(287,302,771)</u>	<u>(16,553,327)</u>
Net cash (used in)/from investing activities of discontinued operation	<u>(6,270,501)</u>	<u>(6,138,684)</u>
Net cash used in investing activities	<u>(293,573,272)</u>	<u>(22,692,011)</u>
Cash flows from financing activities		
Finance charges	(9,503,044)	(12,573,252)
Avail/(repayment) of term loan	(2,620,827)	(83,709)
Avail/(repayment) of short-term loan	41,646,003	(5,404,826)
Dividend paid	(456,817,004)	(414,001,075)
Unclaimed share application refund	(441,603)	(863,996)
Loan to associate	36,348,577	4,795,815
Adjustment related to non-controlling interests	(26,445,000)	(22,037,500)
Net cash used in financing activities of continuing operations	<u>(417,832,898)</u>	<u>(450,168,543)</u>
Net cash used in financing activities of discontinued operation	<u>45,800,398</u>	<u>33,355,114</u>
Net cash used in financing activities	<u>(372,032,500)</u>	<u>(416,813,429)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(47,309,810)</u>	<u>456,844,714</u>
Cash and cash equivalents as at 1 January	<u>1,329,217,698</u>	<u>872,372,984</u>
Cash and cash equivalents as at 31 December	<u>1,281,907,887</u>	<u>1,329,217,698</u>
Closing cash and cash equivalents have been arrived at as follows:		
Cash and cash equivalents as at 31 December from continuing operations (Note-13)	1,473,926,142	1,493,885,366
Cash and cash equivalents as at 31 December from discontinued operation (Note-14)	1,595,860	-
	<u>1,475,522,002</u>	<u>1,493,885,366</u>
Bank overdraft (Note-18)	-	(164,667,668)
Liabilities held for sale (Note-14)	(193,614,115)	-
Cash and cash equivalents as at 31 December	<u>1,281,907,887</u>	<u>1,329,217,698</u>

The notes on pages 7 to 44 are an integral part of these financial statements.



Signature

RAK Ceramics (Bangladesh) Limited

Notes to the Consolidated Financial Statements as at and for the year ended 31 December 2014

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 and 1 September 2007 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 Tk 500 million divided into 5 million ordinary shares of Tk 100 each. Authorised capital of the Company has been increased from Tk 500 million to 1,500 million divided into 150 million ordinary shares of Tk 10 each in the year 2011. The Company has gone into operation from 15 July 2009. The paid up capital stands at Tk 940.04 million as at 31 December 2014. The registered office of the Company is at RAK Tower (10th floor), Plot # 1/A, Jasimuddin Avenue, Sector # 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.

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 Tk 1,000,000,000 divided into 10,000,000 ordinary shares of Tk 100 each. The paid up capital stands at Tk 205,000,000 as at 31 December 2014. 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.



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 3 February 2015.

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 16	Deferred tax liability
Note 17	Employees benefit payable
Note 21	Provision for income tax



2.5 Reporting period

The financial year of the Company covers one year from 1 January to 31 December 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 BFRS, 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 interests 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 interests 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 investees or as an available-for-sale financial assets 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 statement of 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 and other receivables and cash and cash equivalents.

a) Investments 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 and other receivables

Trade and 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 and 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 and other payables, and interest bearing borrowings.



a) Trade and other payables

Trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, trade and 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 profit or loss and other comprehensive income.

3.4.1 Depreciation on property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Capital work in progress and land are not depreciated. Depreciation on addition to fixed assets is charged 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	10-33.33
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 and depreciated when the asset is completed and commissioned. 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 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.

3.10 Employee benefit schemes

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

Defined contribution plan (provident fund)

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

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

Defined benefit plan (gratuity fund)

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

The Company provides 5% of its net profit before tax after charging such expense as Workers' Profit Participation and Welfare Fund in accordance with "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 profit or loss and other 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 comprises current 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 "Income Tax". 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 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.

3.22 Comparatives and reclassification

Comparative information have been disclosed in respect of 2014 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

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



4 Property, plant and equipment

Particulars	Cost						Depreciation				Written down value as at 31 Dec 2014	
	Balance at 1 Jan 2014	Additions during the year	Sale/disposal/adjustment	Assets held for sale	Balance as at 31 Dec 2014	Rate (%)	Balance as at 1 Jan 2014	Charged during the year	Sale/disposal/adjustment	Assets held for sale		Balance as at 31 Dec 2014
Land	770,449,971	14,603,200	-	(21,656,530)	763,396,641	-	-	-	-	-	232,033,103	763,396,641
Factory building	689,560,013	12,837,673	-	(240,347,109)	462,050,577	2.5-5	236,420,275	27,800,234	-	(32,187,406)	33,969,010	230,017,474
Factory office building	89,065,829	8,464,746	-	(13,961,880)	83,568,695	2.5-20	31,089,077	4,401,521	-	(1,521,588)	38,339,365	49,599,685
Head office building	171,556,721	-	-	(67,909,176)	103,647,545	2.5-5	40,707,796	6,874,321	-	(9,242,752)	2,350,570,893	65,308,180
Plant and machinery	3,382,668,788	88,789,025	(207,065)	(329,712,487)	3,141,538,261	5-10	2,245,101,084	216,227,273	(65,645)	(110,691,819)	67,868,822	790,967,368
Mobile plant	89,307,341	3,672,276	-	-	92,979,617	10	60,946,019	6,922,803	-	(25,322,481)	148,510,240	25,110,795
Electrical installation	222,723,445	-	-	(46,354,737)	176,368,708	10-20	157,695,430	16,137,291	-	-	42,107,920	27,858,468
Gas pipeline	43,985,379	-	-	-	43,985,379	10-20	41,249,893	858,027	-	-	18,467,403	1,877,459
Furniture and fixtures	56,093,093	1,068,328	(1,114,500)	(28,651,696)	27,395,225	10	27,820,761	5,375,313	(522,213)	(14,206,458)	16,404,913	8,927,822
Office equipment	35,361,179	1,598,477	(86,000)	(13,519,871)	23,353,785	10-33.33	25,466,689	3,946,021	(44,794)	(12,963,003)	3,426,449	6,948,872
Communication equipment	6,811,567	561,966	-	-	7,373,533	10-20	2,661,779	764,670	-	-	5,015,836	3,947,084
Tools and appliances	7,119,260	492,719	-	-	7,611,979	10-20	4,452,799	563,037	-	-	25,726,318	2,596,143
Vehicles	86,404,833	11,540,125	(3,285,748)	(31,754,634)	62,904,576	10-20	43,135,701	10,921,572	(2,681,402)	(25,649,553)	3,631,012	37,178,258
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	3,631,012	-	-	-	2,985,071,284	-
Total at 31 December 2014	5,654,738,431	143,628,535	(4,693,313)	(793,868,120)	4,999,805,533		2,920,378,315	300,792,083	(3,314,054)	(231,785,060)	2,985,071,284	2,013,734,249

Amount in BDT

2013

Particulars	Cost						Depreciation				Written down value as at 31 Dec 2013	
	Balance at 1 Jan 2013	Additions during the year	Sale/disposal/adjustment	Assets held for sale	Balance as at 31 Dec 2013	Rate (%)	Balance as at 1 Jan 2013	Charged during the year	Sale/disposal/adjustment	Assets held for sale		Balance as at 31 Dec 2013
Land	748,720,144	21,729,827	-	-	770,449,971	-	-	-	-	-	236,420,275	770,449,971
Factory building	689,560,013	-	-	-	689,560,013	2.5-5	205,071,682	31,348,593	-	-	31,089,077	453,139,738
Factory office building	71,232,413	17,833,416	-	-	89,065,829	2.5-20	27,664,440	3,424,637	-	-	40,707,796	57,976,752
Head office building	171,556,721	-	-	-	171,556,721	2.5-5	33,827,690	6,880,106	-	-	2,245,101,084	130,848,925
Plant and machinery	3,331,136,668	51,532,120	-	-	3,382,668,788	5-10	1,971,518,873	273,582,211	-	-	60,946,019	1,137,567,704
Mobile plant	89,121,262	186,079	-	-	89,307,341	10	53,375,158	7,570,861	-	-	157,695,430	28,361,322
Electrical installation	222,723,445	-	-	-	222,723,445	10-20	135,370,805	22,324,625	-	-	41,249,893	65,028,015
Gas pipeline	43,967,827	17,552	-	-	43,985,379	10-20	36,938,785	4,311,108	-	-	28,272,332	2,735,486
Furniture and fixtures	52,873,545	3,219,548	-	-	56,093,093	10	22,618,078	5,202,683	-	-	25,466,689	28,272,332
Office equipment	33,965,544	1,703,135	(307,500)	-	35,361,179	10-33.33	22,124,588	3,494,811	(152,710)	-	4,149,788	9,894,490
Communication equipment	4,083,829	2,727,738	-	-	6,811,567	10-12.5	1,996,893	664,886	-	-	4,452,799	2,666,461
Tools and appliances	7,036,968	82,292	-	-	7,119,260	10-20	3,796,782	656,017	-	-	43,135,701	2,666,461
Vehicles	85,426,287	7,105,647	(6,127,101)	-	86,404,833	10-20	36,832,262	11,529,825	(5,226,386)	-	3,631,012	43,269,132
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	2,904,808	726,204	-	-	2,920,378,315	-
Total at 31 December 2013	5,555,035,678	106,137,354	(6,434,601)	-	5,654,738,431		2,554,040,844	371,716,567	(5,379,096)	-	2,920,378,315	2,734,360,116

Amount in BDT



	<u>2014</u> Taka	<u>2013</u> Taka
4.1 Depreciation charged on the basis of the purpose of use		
Continuing operations		
Cost of goods manufactured (Note-23.1)	236,492,254	307,779,765
Administrative expenses (Note-25)	20,421,764	18,761,060
	<u>256,914,018</u>	<u>326,540,825</u>
Discontinued operation (Note-30.1)		
Cost of goods manufactured	33,018,991	32,933,962
Administrative expenses	7,100,322	8,316,792
Marketing, selling and distribution expenses	3,758,752	3,924,988
	<u>43,878,065</u>	<u>45,175,742</u>
	<u>300,792,083</u>	<u>371,716,567</u>

4.2 Disposal of property, plant and equipment

Year 2014

Continuing Operations

Particulars	Original cost	Accumulated depreciation	Book value	Receipts against sale/insurance claim receipt	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
CNG conversion	119,700	39,565	80,135	380,000	299,865
Vehicles	2,403,131	2,126,494	276,637	770,500	493,863
Total	2,522,831	2,166,059	356,772	1,150,500	793,728

Discontinued Operation

Particulars	Original cost	Accumulated depreciation	Book value	Receipts against sale/insurance claim receipt	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Diesel Generator	207,065	65,645	141,420	40,000	(101,420)
Wooden Plate	1,114,500	522,213	592,287	270,000	(322,287)
Vehicles	762,917	515,343	247,574	988,572	740,998
Office equipments	86,000	44,794	41,206	60,913	19,707
Total	2,170,482	1,147,995	1,022,487	1,359,485	336,998
Grand Total	4,693,313	3,314,054	1,379,259	2,509,985	1,130,726

Year 2013

Continuing Operations

Particulars	Original cost	Accumulated depreciation	Book value	Receipts against sale/insurance claim receipt	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Motor cycles	101,200	75,498	25,702	10,000	(15,702)
Vehicles	4,117,818	3,905,833	211,985	2,998,074	2,786,089
Office equipments	66,000	13,236	52,764	56,082	3,318
Total	4,285,018	3,994,567	290,451	3,064,156	2,773,705

Discontinued Operation

Particulars	Original cost	Accumulated depreciation	Book value	Receipts against sale/insurance claim receipt	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Motor cycles	727,083	300,255	426,828	445,299	18,471
Vehicles	1,181,000	944,800	236,200	236,200	-
Office equipments	241,500	139,474	102,026	29,153	(72,873)
Total	2,149,583	1,384,529	765,054	710,652	(54,402)
Grand Total	6,434,601	5,379,096	1,055,505	3,774,808	2,719,303



5 **Equity-accounted investees**

Share of net assets:	Ownership	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Net assets		Share of net assets		
		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	
31 December 2014																		
RAK Security and Services Pvt. Ltd.	35%	36,751,532	5,064,755	41,816,287	22,145,546	22,145,546	-	22,145,546	19,670,741	6,884,759	19,670,741	6,884,759	19,670,741	6,884,759	19,670,741	6,884,759	6,884,759	
RAK Paints Pvt. Ltd.*	47%	416,097,876	237,953,765	654,051,641	560,828,828	521,948,043	1,082,776,871	521,948,043	(428,725,230)	21,749,142	(428,725,230)	21,749,142	(428,725,230)	21,749,142	(428,725,230)	21,749,142	21,749,142	
RAK Mosfly (Bangladesh) Pvt. Ltd.*	20%	67,047,074	120,210,033	187,257,107	158,701,307	105,838,561	264,539,868	105,838,561	(77,282,761)	(646,552)	(77,282,761)	(646,552)	(77,282,761)	(646,552)	(77,282,761)	(646,552)	(646,552)	
																		<u>27,987,349</u>

* Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK. 223,250,000 and TK. 14,810,000 in RAK Paints Pvt. Ltd. and RAK Mosfly (Bangladesh) Pvt. Ltd. respectively.

31 December 2013

RAK Security and Services Pvt. Ltd.	35%	27,829,104	3,686,947	31,516,051	17,689,675	17,689,675	-	17,689,675	13,826,376	4,839,232	13,826,376	4,839,232	13,826,376	4,839,232	13,826,376	4,839,232	4,839,232	
RAK Paints Pvt. Ltd.*	47%	363,239,232	272,712,697	635,951,929	398,444,981	589,668,848	988,113,829	589,668,848	(352,161,900)	81,614,022	(352,161,900)	81,614,022	(352,161,900)	81,614,022	(352,161,900)	81,614,022	81,614,022	
RAK Mosfly (Bangladesh) Pvt. Ltd.*	20%	36,712,395	128,066,427	164,778,822	118,058,490	117,982,077	236,040,567	117,982,077	(71,261,745)	557,651	(71,261,745)	557,651	(71,261,745)	557,651	(71,261,745)	557,651	557,651	
																		<u>87,010,905</u>

* Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK. 223,250,000 and TK. 14,810,000 in RAK Paints Pvt. Ltd. and RAK Mosfly (Bangladesh) Pvt. Ltd. respectively.

Share of net profit/(loss):

31 December 2014

	Ownership	Reporting date	Nature of investment	Income	Expenses	Tax expenses	Profit or (loss)	Share of profit/(loss)
RAK Security and Services Pvt. Ltd.	35%	31 Dec 2014	Associate	70,284,046	59,754,257	3,685,426	6,844,363	2,045,527
RAK Paints Pvt. Ltd.:								
Current year loss	47%	31 Dec 2014	Associate	763,131,816	839,695,145	-	(76,563,329)	(35,984,765)
Prior year loss on acquisition of associates								(23,880,116)
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 Dec 2014	Associate	327,573,940	333,594,956	-	(6,021,016)	(1,204,203)
								<u>(59,023,556)</u>

31 December 2013

RAK Security and Services Pvt. Ltd.	35%	31 Dec 2013	Associate	61,696,869	54,647,544	2,643,497	4,405,828	1,192,040
RAK Paints Pvt. Ltd.	47%	31 Dec 2013	Associate	630,332,444	729,316,211	-	(98,983,767)	(43,864,725)
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 Dec 2013	Associate	224,000,734	258,992,232	17,200	(35,008,698)	(7,001,740)
								<u>(49,674,425)</u>



	<u>2014</u> Taka	<u>2013</u> Taka
6 Intangible assets		
Balance as at 1 January	106,059,779	112,670,334
Add: Addition during the year	7,202,955	2,951,177
Less: Amortisation during the year (Note-6.1)	9,043,643	9,561,732
Transfer to non current assets held for sale	99,403,638	-
Balance as at 31 December	<u>4,815,453</u>	<u>106,059,779</u>

The intangible assets represent cost of BSTI license, renewal of patent etc. which are being amortised over the economic life of the assets. The amortisation of intangible assets is charged to the administrative expenses.

6.1 Amortisation charged on the basis of the purpose of use

Continuing operations

Administrative expenses (Note-25)

2,014,112	2,181,002
7,029,531	7,380,730
<u>9,043,643</u>	<u>9,561,732</u>

Discontinued operation

Administrative expenses (Note-30.1)

7 Capital work in progress

Balance as at 1 January	35,091,397	30,955,703
Add: Addition during the year	365,197,998	64,122,346
	400,289,395	95,078,049
Less: Transfer to property, plant & equipment during the year (Note-7.1)	108,842,656	59,175,701
Impairment loss on capital equipment	2,330,173	-
Less: Discontinued project	-	810,951
Balance as at 31 December	<u>289,116,566</u>	<u>35,091,397</u>

Capital work in progress includes construction work for factory office building, factory building, plant and machinery, mobile plant etc.

7.1 Items transferred from capital work in progress to property, plant & equipment

Factory building	12,837,673	-
Factory office building	6,414,746	17,833,416
Plant & machinery	85,917,961	37,158,989
Mobile plant	3,672,276	-
Communication equipment	-	2,347,396
Furniture & fixtures	-	1,835,900
	<u>108,842,656</u>	<u>59,175,701</u>

8 Loan to associate

Non-Current

RAK Paints Pvt. Ltd.	18,193,968	59,597,389
	<u>18,193,968</u>	<u>59,597,389</u>

Current

RAK Paints Pvt. Ltd.	40,661,640	35,606,796
	<u>40,661,640</u>	<u>35,606,796</u>
	<u>58,855,608</u>	<u>95,204,185</u>



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
9 Inventories		
Raw materials	702,273,301	901,067,829
Less: Provision for obsolescence (Note-9.1)	2,620,004	-
	699,653,297	901,067,829
Stores and consumable spares	883,845,333	801,590,998
Finished goods	100,488,293	237,095,258
Work in process	24,813,352	35,412,055
Goods in transit	126,554,452	14,973,584
	<u>1,835,354,727</u>	<u>1,990,139,724</u>
9.1 Movement in provision for obsolescence		
Balance as at 1 January	-	-
Add: Provision for obsolescence made during the year	2,620,004	-
	2,620,004	-
Less: Write off	-	-
Balance as at 31 December	<u>2,620,004</u>	<u>-</u>
10 Trade and other receivables		
Trade receivables (Note-10.1)	563,516,174	536,206,848
Less: Doubtful debts	-	(3,333,552)
	<u>563,516,174</u>	<u>532,873,296</u>
Claim receivable	-	2,368,635
Accrued interest (Note-10.2)	10,100,623	15,525,368
Accrued rental income	-	190,000
Receivable against disposal of investment	6,120,000	6,120,000
Other receivables	982,984	577,535
	<u>580,719,781</u>	<u>557,654,834</u>
10.1 Trade receivables		
Receivables from local sales	560,106,353	536,206,848
Receivables from export sales	3,409,821	-
	<u>563,516,174</u>	<u>536,206,848</u>
10.2 Accrued interest		
Interest accrued on FDR	10,100,623	15,525,368
	<u>10,100,623</u>	<u>15,525,368</u>



	<u>2014</u> Taka	<u>2013</u> Taka
11 Advances, deposits and prepayments		
Advances		
Employees	141,984	16,899,108
Land advance & others	4,666,166	20,986,852
Suppliers against material & services	234,636,472	78,397,462
	<u>239,444,622</u>	<u>116,283,422</u>
Security and other deposits		
Titas gas	20,215,520	20,215,520
Mymensingh Palli Bidyut Samity-2	1,955,000	1,991,090
VAT and supplementary duty (Note-11.1)	41,050,431	33,418,079
Deposit with income tax authority	9,705,739	9,705,739
Deposit with VAT authority	8,187,661	8,228,687
Other deposits	652,925	1,700,425
	<u>81,767,276</u>	<u>75,259,540</u>
Prepayments		
House rent	8,397,000	9,440,076
Insurance	37,406,076	27,081,166
Others	42,431	3,251,966
	<u>45,845,507</u>	<u>39,773,208</u>
	<u>367,057,405</u>	<u>231,316,170</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	33,418,079	41,902,497
Add: Treasury deposit for SD & VAT purpose	1,117,750,000	957,595,000
Rebate of input VAT	256,550,426	308,017,080
	<u>1,407,718,505</u>	<u>1,307,514,577</u>
Add: Receivable - SD & VAT	39,435	73,330
	<u>1,407,757,940</u>	<u>1,307,587,907</u>
Less: SD & VAT on sales	1,360,770,006	1,271,248,147
Payable - SD & VAT	1,227,418	2,921,681
Payable - VAT on disposal of raw material	4,008,626	-
	<u>1,366,006,050</u>	<u>1,274,169,828</u>
Less: Transfer to assets held for sale	701,459	-
Balance as at 31 December	<u>41,050,431</u>	<u>33,418,079</u>
12 Advance income tax		
Balance as at 1 January	1,656,003,346	1,303,890,755
Add: Paid during the year	468,576,387	352,131,008
Less: Adjustment made during the year	(95,151,856)	(18,417)
Transfer to assets held for sale	(15,631,746)	-
Balance as at 31 December (Notes-12.1 & 12.2)	<u>2,013,796,131</u>	<u>1,656,003,346</u>



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
12.1 Head wise payment		
Import	454,216,179	415,459,961
Export	898,521	754,981
Supply	119,221	780,254
Interest on bank deposit	48,515,090	50,546,251
Rental income	1,451,086	1,057,173
Registration	1,763,701	1,210,700
Dividend income	20,144,500	13,063,500
Paid in cash	<u>1,486,687,833</u>	<u>1,173,130,526</u>
	<u>2,013,796,131</u>	<u>1,656,003,346</u>

12.2 Year wise closing balance

Income year

Current year	250,315,393	-
Year 2013	389,651,054	237,971,641
Year 2012	334,263,453	337,866,431
Year 2011	326,291,317	330,585,731
Year 2010	261,903,697	263,861,908
Year 2009	218,091,876	156,292,148
Year 2008	85,378,847	86,369,770
Year 2007	124,813,161	124,816,528
Year 2006	23,087,333	95,937,931
Year 2005	-	3,197,658
Year 2004	-	1,607,895
Year 2003	-	1,746,309
Year 2002	-	879,941
Year 2001	-	9,689,804
Year 2000	-	5,176,302
Year 1999	-	3,349
	<u>2,013,796,131</u>	<u>1,656,003,346</u>



13 Cash and cash equivalents	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Cash in hand	1,403,048	3,908,760
Cash at banks		
HSBC (current account -001-013432-011,001-107580-011,001-096015-011, 001-096007-011 - BDT)	24,607,644	17,403,428
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	96,722,307	158,129,932
Agrani Bank Ltd. (current account - 075533005368 - BDT)	-	305
Citibank, N.A. (current account - G0100001200262018 - BDT)	15,966,434	22,603,156
Dutch-Bangla Bank Ltd. (current account - 117-110-12733,117-110-2481, 117.110.23474 -BDT)	12,675,508	5,917,265
HSBC (ERQ account - 001-013432-047 - USD)	346,764	984,551
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	1,108	2,134,362
EXIM Bank (SND account - 01513100031877 - BDT)	526,074	514,269
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	401,998	-
Dutch-Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	103,270,811	38,200,856
BRAC Bank Ltd. (SND - 1513101731248001 - BDT)	346,514	338,895
Prime Bank Ltd. (SND - 12531010022563 - BDT)	50,777,650	26,880,635
HSBC (STD - 001-066331-067, 001-107580-067, 001-096015-067 - BDT)	202,327	1,909
Islami Bank Bangladesh Limited (current account- 20502070100405600)	-	1,454,727
Dhaka Bank Limited (current account- 0204100000014484)	-	4,079
Premier Bank Ltd. (Current account - 10211100015136- BDT)	-	8,250
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	1,668,460	-
	<u>307,513,599</u>	<u>274,576,619</u>
IPO bank account		
Citibank, N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,394,797	1,804,384
Citibank, N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,941,472	3,951,074
Citibank, N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,608
Citibank, N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,593	126,593
	<u>5,616,470</u>	<u>6,035,659</u>
Dividend bank account		
BRAC Bank Ltd. (Current - 1510201731248001 - BDT) - 2010	2,536,000	2,395,744
BRAC Bank Ltd. (Current - 1513201731248001 - BDT) - 2011	2,237,667	2,148,624
Standard Chartered Bank (Current - 02-6162940-02- BDT) - 2012	3,884,188	4,057,880
Standard Chartered Bank (Current - 02-6162940-03- BDT) - 2013	16,803,715	-
	<u>25,461,570</u>	<u>8,602,248</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	40,000,000	60,000,000
Standard Chartered Bank	762,080	762,080
Prime Bank Ltd.	280,000,000	260,000,000
Dutch-Bangla Bank Ltd.	813,169,375	880,000,000
	<u>1,133,931,455</u>	<u>1,200,762,080</u>
Total	<u>1,473,926,142</u>	<u>1,493,885,366</u>



14 Disposal group held for sale

Investment in RAK Pharmaceuticals Pvt. Ltd. is presented as held for sale following the commitment of the Company's management in December 2014, to a plan to sell all the shares of RAK Pharmaceuticals Pvt. Ltd. Efforts to sell the shares of RAK Pharmaceuticals Pvt. Ltd. have commenced, and a sale is likely to be formalised by February 2015.

Assets and liabilities of disposal group held for sale

At 31 December 2014, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Property, plant and equipment (Note-4)	562,083,060	-
Intangible assets (Note-6)	99,403,638	-
Inventories	72,353,935	-
Trade and other receivables	39,052,960	-
Advances, deposits and prepayments	16,581,719	-
Advance income tax	20,543,158	-
Cash and cash equivalents	1,595,860	-
Assets held for sale	<u>811,614,330</u>	<u>-</u>
Employees benefits payable (Note-17)	30,528,700	-
Borrowings*	290,155,176	-
Trade and other payables	57,688,973	-
Accrued expenses	35,425,468	-
Provision for income tax	1,409,012	-
Liabilities held for sale	<u>415,207,329</u>	<u>-</u>

* Borrowings include bank overdraft of Tk 193,614,115.

Cumulative income or expenses recognised in other comprehensive income

There are no cumulative income or expenses recognised in other comprehensive income relating to the held for sale assets.



Ans

15 Share capital

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Authorised		
600,000,000 ordinary shares of Tk 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 Tk 10 each (2013: 306,227,829 ordinary shares)	<u>3,368,506,110</u>	<u>3,062,278,290</u>

Percentage of shareholdings	2014		2013	
	%	Taka	%	Taka
RAK Ceramics PSC, UAE	72.41	2,439,100,210	72.41	2,217,363,830
S.A.K. Ekramuzzaman	4.81	162,119,850	5.41	165,563,500
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	280	0.00	260
Sheikh Omer Bin Saqr Al Qassimi	0.00	280	0.00	260
Sheikh Ahmad Bin Humaid al Qassimi	0.00	280	0.00	260
Hamad Abdulla Al Muttawa	0.00	140	0.00	130
Dr. Khater Massaad	0.00	140	0.00	130
Abdallah Massaad	0.00	140	0.00	130
Manoj Uttamrao Ahire	0.00	140	0.00	130
General public (including EII & employee)	<u>22.78</u>	<u>767,284,650</u>	<u>22.18</u>	<u>679,349,660</u>
	<u>100.00</u>	<u>3,368,506,110</u>	<u>100.00</u>	<u>3,062,278,290</u>

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Less than 500 shares	41,596	46,960	8,569,150	9,717,485
501 to 5,000 shares	10,676	10,381	14,479,036	13,119,635
5001 to 10,000 shares	677	514	4,863,871	3,599,643
10,001 to 20,000 shares	288	186	4,124,063	2,580,341
20,001 to 30,000 shares	91	58	2,266,150	1,432,712
30,001 to 40,000 shares	39	41	1,372,875	1,421,481
40,001 to 50,000 shares	36	15	1,656,884	667,999
50,001 to 100,000 shares	65	45	4,686,055	3,027,601
100,001 to 1,000,000 shares	44	39	10,851,017	9,727,969
Over 1,000,000 shares	8	8	283,981,510	260,932,963
	<u>53,520</u>	<u>58,247</u>	<u>336,850,611</u>	<u>306,227,829</u>



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
16 Deferred tax liability		
Balance as at 1 January	94,326,905	121,162,388
Deferred tax (income)/expenses	<u>(15,908,720)</u>	<u>(26,835,483)</u>
Balance as at 31 December	<u><u>78,418,185</u></u>	<u><u>94,326,905</u></u>
17 Employees benefit payable		
Provident fund	2,715,018	11,613,439
Gratuity fund	<u>68,456,325</u>	<u>19,008,393</u>
	<u><u>71,171,343</u></u>	<u><u>30,621,832</u></u>

	2014		
	<u>Provident fund</u> <u>Taka</u>	<u>Gratuity fund</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance as at 1 January	11,613,439	19,008,393	30,621,832
Add: Provision made during the year	<u>39,729,764</u>	<u>72,081,241</u>	<u>111,811,005</u>
	51,343,203	91,089,634	142,432,837
Less: Payments made to fund during the year	<u>29,659,041</u>	<u>11,073,753</u>	<u>40,732,794</u>
	21,684,162	80,015,881	101,700,043
Less: Transfer to liabilities held for sale (Note-14)	<u>18,969,144</u>	<u>11,559,556</u>	<u>30,528,700</u>
Balance as at 31 December	<u><u>2,715,018</u></u>	<u><u>68,456,325</u></u>	<u><u>71,171,343</u></u>

	2013		
	<u>Provident fund</u> <u>Taka</u>	<u>Gratuity fund</u> <u>Taka</u>	<u>Total</u> <u>Taka</u>
Balance as at 1 January	5,372,511	16,483,707	21,856,218
Add: Provision made during the year	<u>31,797,938</u>	<u>12,697,577</u>	<u>44,495,515</u>
	37,170,449	29,181,284	66,351,733
Less: Payments made to fund during the year	<u>25,557,010</u>	<u>10,172,891</u>	<u>35,729,901</u>
Balance as at 31 December	<u><u>11,613,439</u></u>	<u><u>19,008,393</u></u>	<u><u>30,621,832</u></u>

18 Borrowings

Non-current

Term loan	-	31,177,626
Current portion of term loan	-	<u>(12,694,059)</u>
	-	<u><u>18,483,567</u></u>

Current

Bank overdrafts	-	164,667,668
Short-term borrowings	323,755,163	285,857,619
Term loan	-	12,694,059
	<u>323,755,163</u>	<u>463,219,346</u>
Balance as at 31 December (Note-18.1)	<u><u>323,755,163</u></u>	<u><u>481,702,913</u></u>

18.1 Borrowings by maturity

At 31 December 2014	<u>< 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>> 5 years</u>	<u>Total</u>
Short-term borrowings	<u>323,755,163</u>	-	-	-	<u>323,755,163</u>
	<u><u>323,755,163</u></u>	<u>-</u>	<u>-</u>	<u>-</u>	<u><u>323,755,163</u></u>
At 31 December 2013	<u>< 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>> 5 years</u>	<u>Total</u>
Bank overdrafts	164,667,668	-	-	-	164,667,668
Short-term borrowings	285,857,619	-	-	-	285,857,619
Term loans and others	12,694,059	7,762,382	10,721,185	-	31,177,626
	<u>463,219,346</u>	<u>7,762,382</u>	<u>10,721,185</u>	<u>-</u>	<u><u>481,702,913</u></u>



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
19 Trade and other payables		
Trade payables		
Local suppliers	116,706,836	116,802,654
Foreign suppliers	113,317,400	49,831,597
Service provider	20,291,798	19,949,818
C & F agent	29,259,647	8,239,445
	<u>279,575,681</u>	<u>194,823,514</u>
Other payables		
Tax deducted at source	14,516,183	15,551,856
VAT deducted at source	2,956,190	3,289,446
Dividend payable	25,068,749	22,544,009
Unclaimed share application	19,791,236	20,232,839
Advance from customer against sales	12,775,647	11,220,064
Security deposit	91,740	-
Claim payable to employee	320,760	-
Payable to others	-	11,000,000
	<u>75,520,505</u>	<u>83,838,214</u>
	<u>355,096,186</u>	<u>278,661,728</u>
20 Accrued expenses		
Power and gas	16,999,787	16,333,169
Staff cost	44,341,158	63,381,491
Audit fees	800,000	586,250
Professional charges	274,750	418,000
Interest on loans	669,474	1,042,997
Telephone	155,650	399,250
Managing Director's remuneration (Note-20.1)	30,682,702	38,340,648
Worker's profit participation and welfare fund (Note-20.2)	48,623,250	59,111,329
Royalty and technical know-how fees (Note-20.3)	38,352,170	225,676,743
Others	9,606,332	13,011,994
	<u>190,505,273</u>	<u>418,301,871</u>
20.1 Managing Director's remuneration		
Balance as at 1 January	38,340,648	36,225,372
Add: Payable to Managing Director	30,682,702	38,340,648
	<u>69,023,350</u>	<u>74,566,020</u>
Less: Paid to Managing Director	38,340,648	36,225,372
Balance as at 31 December	<u>30,682,702</u>	<u>38,340,648</u>
20.2 Workers' profit participation and welfare fund		
Balance as at 1 January	59,111,329	57,500,590
Add: Contribution made to the fund during the year	48,623,250	59,111,329
	<u>107,734,579</u>	<u>116,611,919</u>
Less: Payment made from the fund during the year	59,111,329	57,500,590
Balance as at 31 December	<u>48,623,250</u>	<u>59,111,329</u>



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
20.3 Royalty and technical know-how fees		
Balance as at 1 January	225,676,743	219,094,868
Add: Provision made during the year	72,407,557	90,479,404
	<u>298,084,300</u>	<u>309,574,272</u>
Less: Payment made during the year for 2011 & 2012	154,258,821	-
Less: Vat on royalty deposited for the year 2010	34,734,242	-
Less: Tax on royalty paid for the year 2011	-	10,639,933
Less: Reversal of excess provision for the year 2012	-	19,461,872
Less: Tax provision on excess royalty paid in the year 2008	30,739,067	31,000,000
Less: Tax provision on excess royalty paid in the year 2009	40,000,000	22,795,724
Balance as at 31 December	<u><u>38,352,170</u></u>	<u><u>225,676,743</u></u>

Royalty has been calculated (@ 8% of profit before tax or 2.5% of net sales, whichever is lower.

21 Provision for income Tax

Balance as at 1 January	1,840,804,871	1,455,687,469
Add: Provision made for current year	365,957,485	362,336,361
Provision made for prior years	70,739,067	22,795,724
	<u>2,277,501,423</u>	<u>1,840,819,554</u>
Less: Provision release during the year	(95,151,856)	(14,683)
Less: Transfer to liabilities held for sale	(5,000)	-
Balance as at 31 December (Note-21.1)	<u><u>2,182,344,567</u></u>	<u><u>1,840,804,871</u></u>

21.1 Year wise closing balance

Income year

Current year	365,957,485	-
Year 2013	362,336,361	362,336,361
Year 2012	339,211,365	339,211,365
Year 2011	326,685,217	326,685,217
Year 2010	294,048,668	294,053,668
Year 2009	266,823,984	226,823,984
Year 2008	147,117,914	116,378,847
Year 2007	80,163,573	80,163,573
Year 2006	-	89,730,898
Year 2005	-	5,242,907
Year 2004	-	20,925
Year 2003	-	45,563
Year 2002	-	111,563
	<u><u>2,182,344,567</u></u>	<u><u>1,840,804,871</u></u>



	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
22 Sales		
Gross sales (Local)	6,292,625,094	5,891,839,937
Gross sales (Export)	<u>26,784,010</u>	<u>26,144,308</u>
Total Sales	6,319,409,104	5,917,984,245
Less: Supplementary Duty	456,237,754	429,533,344
VAT	<u>815,825,977</u>	<u>763,597,403</u>
Net sales	<u><u>5,047,345,373</u></u>	<u><u>4,724,853,498</u></u>
23 Cost of sales		
Stock of finished goods as at 1 January	201,583,295	72,557,895
Add: Cost of goods manufactured (Note-23.1)	<u>2,970,941,919</u>	<u>3,006,671,593</u>
Cost of finished goods available for sale	3,172,525,214	3,079,229,488
Less: Stock of finished goods as at 31 December	<u>100,488,293</u>	<u>201,583,295</u>
	<u><u>3,072,036,921</u></u>	<u><u>2,877,646,193</u></u>
23.1 Cost of goods manufactured		
Cost of materials consumed:		
Opening stock as at 1 January	870,909,533	867,867,573
Add: Purchase during the year	<u>1,466,848,016</u>	<u>1,700,041,647</u>
	2,337,757,549	2,567,909,220
Less: Closing stock as at 31 December	<u>699,653,297</u>	<u>870,909,533</u>
	<u><u>1,638,104,252</u></u>	<u><u>1,696,999,687</u></u>
Manufacturing overhead:		
Direct labour (Note-23.1.1)	305,199,598	236,937,093
Direct expenses:		
Power and gas	150,471,069	156,882,942
Repairs and indirect materials (Note-23.1.2)	575,381,319	541,603,209
Rental charges	821,739	821,739
Moulds and punches	27,418,733	22,220,803
Depreciation (Note-4.1)	236,492,254	307,779,765
Royalty and technical know-how/assistance fees (Note-23.1.3)	1,668,490	17,221,808
Other production overhead (Note-23.1.4)	<u>32,530,918</u>	<u>25,296,162</u>
	<u>1,329,984,120</u>	<u>1,308,763,521</u>
Cost of production	2,968,088,372	3,005,763,208
Difference in work in process:		
Work in process as at 1 January	27,666,898	28,575,283
Work in process as at 31 December	<u>24,813,352</u>	<u>27,666,898</u>
	2,853,546	908,385
Cost of goods manufactured	<u><u>2,970,941,919</u></u>	<u><u>3,006,671,593</u></u>
23.1.1 Direct labour		
Salary and wages	160,563,120	137,096,655
Overtime	16,507,859	13,012,301
Bonus	22,925,569	23,705,774
Incentive	5,965,021	10,796,433
Temporary labour wages	44,554,610	36,087,975
Gratuity	44,402,176	7,187,448
Employer's contribution to provident fund	8,851,064	7,833,838
Leave encashment	-	1,918
Group life insurance	<u>1,430,179</u>	<u>1,214,751</u>
	<u><u>305,199,598</u></u>	<u><u>236,937,093</u></u>



	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
23.1.2 Repairs and indirect materials		
Stores, spares, repair & maintenance	335,405,118	290,245,726
Packing expenses	239,976,201	251,357,483
	<u>575,381,319</u>	<u>541,603,209</u>
23.1.3 Royalty and technical know-how/assistance fees		
Royalty and technical know-how/assistance fees	72,407,557	90,479,404
Less: Reversal of excess provision for the year 2012	-	19,461,872
Less: Tax provision on excess royalty paid on year 2008	30,739,067	31,000,000
Less: Tax provision on excess royalty paid on year 2009	40,000,000	22,795,724
	<u>1,668,490</u>	<u>17,221,808</u>
23.1.4 Other production overhead		
Hotel fare and expenses for technician	4,054,205	4,211,028
Demurrage	5,817,167	3,745,067
Insurance	14,649,405	15,299,053
Impairment loss on capital equipment	2,330,173	-
Provision for obsolescence	2,620,004	-
Other expenses	3,059,964	2,041,014
	<u>32,530,918</u>	<u>25,296,162</u>
24 Other income		
Dividend income	350,000	394,520
Rental income	2,400,000	600,000
Profit on sale of fixed assets (Note-4.2)	793,728	2,773,705
Gain on disposal of investment	-	3,153,253
	<u>3,543,728</u>	<u>6,921,478</u>
25 Administrative expenses		
Staff cost (Note-25.1)	122,341,353	104,541,910
Annual general meeting expenses	19,001,881	23,262,201
Telephone, postage and supplies	4,429,146	5,138,350
Office repair and maintenance (Note-25.2)	9,308,861	8,072,204
Registration and renewal	1,287,451	1,002,235
Security and guard expenses	12,301,822	10,338,724
Electricity, gas and water	6,154,408	4,650,653
Depreciation (Note-4.1)	20,421,764	18,761,060
Amortisation (Note-6.1)	2,014,112	2,181,002
Legal and professional fees	5,265,813	3,769,007
Vehicle repair and maintenance	8,832,153	8,363,037
Rent, rate and tax	7,007,974	6,734,142
Loss on sale of shares	-	123,814
CSR expenses	2,898,000	3,092,000
Managing Director's remuneration (Note-25.3)	30,682,702	38,340,648
Others	4,837,305	4,257,100
	<u>256,784,745</u>	<u>242,628,087</u>



	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
25.1 Staff cost		
Salary and wages	74,905,640	73,762,280
Bonus	9,869,461	10,888,158
Incentive	4,434,911	5,407,763
Gratuity	19,248,085	3,215,576
Employer's contribution to provident fund	4,076,811	1,815,765
Group life insurance	603,370	635,472
Canteen expenses	991,693	1,115,238
Staff welfare expenses	402,799	467,749
Hotel, tour, food and air ticket	4,213,682	4,001,770
Food expenses	2,992,652	2,166,176
Medical expenses	294,258	516,922
Accommodation	149,522	429,200
Travelling and conveyance	158,469	119,842
	<u>122,341,353</u>	<u>104,541,910</u>
25.2 Office repair and maintenance		
Repairs office equipment	903,198	655,849
Office maintenance	8,405,663	7,416,355
	<u>9,308,861</u>	<u>8,072,204</u>
25.3	Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.	
26 Marketing and selling expenses		
Staff cost (Note-26.1)	27,678,387	18,505,004
Advertisement	20,563,727	14,512,359
Freight and transportation	194,983,067	157,666,471
Performance rebates (Note-26.2)	230,416,756	195,608,966
Business promotion	23,176,142	17,374,540
Discount	155,425,577	72,245,943
Travel, entertainment and others	12,502,613	11,076,223
	<u>664,746,269</u>	<u>486,989,506</u>
26.1 Staff cost		
Salary and wages	17,164,411	12,960,339
Bonus	2,888,064	2,276,955
Incentive	1,445,730	1,487,607
Gratuity	4,806,064	670,729
Employer's contribution to provident fund	938,762	751,925
Group life insurance	149,112	111,094
Food expenses	286,244	246,355
	<u>27,678,387</u>	<u>18,505,004</u>
26.2 Performance rebates		
Compensation	28,046,174	2,564,373
Dealers' commission	98,294,546	94,990,174
Breakage commission	104,076,036	98,054,419
	<u>230,416,756</u>	<u>195,608,966</u>



	<u>2014</u>	<u>2013</u>
	<u>Taka</u>	<u>Taka</u>
27 Finance income		
Interest on bank account (SND)	2,639,976	3,706,360
Interest on associate loan	8,706,804	14,150,619
Interest on FDR	96,612,961	107,249,877
Exchange gain	<u>20,668,591</u>	<u>5,102,821</u>
	<u><u>128,628,332</u></u>	<u><u>130,209,677</u></u>
28 Finance expenses		
Interest expenses	6,887,174	11,803,325
Bank charges	<u>867,764</u>	<u>1,249,535</u>
	<u><u>7,754,938</u></u>	<u><u>13,052,860</u></u>
29 Current tax		
Current year	365,957,485	362,336,361
Prior years	<u>70,739,067</u>	<u>22,795,724</u>
	<u><u>436,696,552</u></u>	<u><u>385,132,085</u></u>
30 Profit/(loss) on discontinued operation		
Sales	461,297,574	444,371,710
Cost of sales (Note-30.1)	<u>(183,231,089)</u>	<u>(195,357,065)</u>
Gross profit	278,066,485	249,014,645
Other income (Note-30.2)	7,047,417	7,870,785
Administrative expenses (Note-30.1)	(38,692,578)	(42,332,238)
Marketing, selling and distribution expenses (Note-30.1)	<u>(370,377,153)</u>	<u>(367,928,715)</u>
	<u><u>(402,022,314)</u></u>	<u><u>(402,390,168)</u></u>
Profit/(loss) from operating activities	(123,955,829)	(153,375,523)
Finance expenses	(36,325,164)	(31,684,750)
Profit/(loss) before income tax	(160,280,993)	(185,060,273)
Provision for income tax		
Current year	<u>(1,404,012)</u>	<u>-</u>
Net profit/(loss) after income tax	(161,685,005)	(185,060,273)
Non-controlling interest	112,919,784	124,712,020
Net profit/(loss) after tax and non-controlling interests attributable to equity holders	<u><u>(48,765,221)</u></u>	<u><u>(60,348,253)</u></u>

30.1 Depreciation charged for the year is allocated in cost of sales, administrative expenses, marketing, selling and distribution expenses (Note-4.1). Amortisation expenses is charged to administrative expenses (Note-6.1).

30.2 Other income includes loss on sale of fixed assets (Note-4.2).



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31 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

31.1 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:

	Amount in USD		Amount in Taka	
	As at 31 Dec 2014	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2013
Trade receivables				
Customer-Local	-	-	596,255,561	536,206,848
Customer-Export	43,744	-	3,409,821	-
	<u>43,744</u>	<u>-</u>	<u>599,665,382</u>	<u>536,206,848</u>
Other receivables				
Claim receivable			2,335,805	2,368,635
Accrued interest			10,100,623	15,525,368
Accrued rental income			-	190,000
Receivable against disposal of investment			6,120,000	6,120,000
Others			1,550,931	577,535
			<u>20,107,359</u>	<u>24,781,538</u>
Loan to associate				
RAK Paints Pvt. Ltd.			58,855,608	95,204,185
			<u>58,855,608</u>	<u>95,204,185</u>
Cash equivalents			<u>1,473,149,800</u>	<u>1,489,976,606</u>

b) Aging of trade receivables

The ageing of trade receivables as at 31 December was:

	Amount in Taka	
	As at 31 Dec 2014	As at 31 Dec 2013
Not past due		
0-90 days past due	587,360,293	525,195,961
91-180 days past due	3,948,480	1,952,893
181-365 days past due	2,252,247	3,481,863
over 365 days past due	6,104,362	5,576,131
	<u>599,665,382</u>	<u>536,206,848</u>



31.2 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 December 2014			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	193,614,115	193,614,115	193,614,115	-
Trade and other payables	412,785,159	412,785,159	412,785,159	-
Short term borrowings (foreign)	346,383,263	346,383,263	346,383,263	-
Short term borrowings (local)	45,925,962	45,925,962	45,925,962	-
Term loan	27,986,999	27,986,999	12,124,259	15,862,740
	<u>1,026,695,499</u>	<u>1,026,695,499</u>	<u>1,010,832,758</u>	<u>15,862,741</u>
	As at 31 December 2013			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	164,667,668	164,667,668	164,667,668	-
Trade and other payables	278,661,728	278,661,728	278,661,728	-
Short term borrowings (foreign)	255,783,541	255,783,541	255,783,541	-
Short term borrowings (local)	30,074,078	30,074,078	30,074,078	-
Term loan	31,177,626	31,177,626	12,694,059	18,483,567
	<u>760,364,641</u>	<u>760,364,641</u>	<u>741,881,074</u>	<u>18,483,567</u>

31.3 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 optimizing 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 December 2014			As at 31 December 2013		
	USD	EURO	JPY	USD	EURO	AED
Foreign currency denominated assets						
Receivable from customers-Export	43,744	-	-	-	-	-
Cash at bank	4,463	-	-	40,400	-	-
	<u>48,206</u>	<u>-</u>	<u>-</u>	<u>40,400</u>	<u>-</u>	<u>-</u>



	As at 31 December 2014			As at 31 December 2013		
	USD	EURO	JPY	USD	EURO	AED
Foreign currency denominated liabilities						
Trade payables	39,122	815,409	-	7,056	468,813	33,511
Short term bank loan	2,178,966	1,529,916	4,900,000	3,188,661	59,000	-
Royalty & technical know-how fees	485,778	-	-	2,885,892	-	-
	<u>2,703,866</u>	<u>2,345,325</u>	<u>4,900,000</u>	<u>6,081,609</u>	<u>527,813</u>	<u>33,511</u>
Net exposure	<u>(2,655,659)</u>	<u>(2,345,325)</u>	<u>(4,900,000)</u>	<u>(6,041,209)</u>	<u>(527,813)</u>	<u>(33,511)</u>

The Company has foreign exchange gain of Tk 20,668,591 during the year ended 31 Dec 2014 (31 Dec 2013: Exchange gain Tk 5,641,225).

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 Dec 2014	31 Dec 2013
	Taka	Taka
USD	78.4500	77.7000
EURO	95.0040	106.9858
AED	21.0312	21.1587
JPY	0.6608	0.7463

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	As at 31 December 2014		As at 31 December 2013	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 December				
USD (3 percent movement)	(82,134)	77,349	(186,842)	175,958
EURO (3 percent movement)	(72,536)	68,310	(16,324)	15,373
AED (3 percent movement)	-	-	(1,036)	976
JPY (3 percent movement)	(151,546)	142,718	-	-

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 31 December 2014	As at 31 December 2013
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	1,133,931,455	1,200,762,080
Cash at banks	339,218,345	289,214,526
Financial liabilities		
Term loan	27,986,999	31,177,626
Bank overdraft	193,614,115	164,667,668
Short term borrowings (foreign)	346,383,263	255,783,541
Short term borrowings (local)	45,925,962	30,074,078



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 December 2014		As at 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	1,133,931,455	1,133,931,455	1,200,762,080	1,200,762,080
Loans and receivables				
Trade receivables	599,665,382	599,665,382	536,206,848	536,206,848
Other receivables	20,107,359	20,107,359	24,781,538	24,781,538
Loan to associate	58,855,608	58,855,608	95,204,185	95,204,185
Cash and cash equivalents	1,473,149,800	1,473,149,800	1,489,976,606	1,489,976,606
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	27,986,999	27,986,999	31,177,626	31,177,626
Bank overdraft	193,614,115	193,614,115	164,667,668	164,667,668
Trade and other payables	412,785,159	412,785,159	278,661,728	278,661,728
Short term borrowings (foreign)	346,383,263	346,383,263	255,783,541	255,783,541
Short term borrowings (local)	45,925,962	45,925,962	30,074,078	30,074,078

Interest rates used for determining amortised cost

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

	31 December 2014	31 December 2013
Investment in FDR	4.30%-10.25%	07.25%-11.25%
Term loan	09.00%-15.50%	12.00%-17.00%
Bank overdraft	13%-13.50%	14.25%-15.50%
Short term bank loan (local currency)	13.50%-15.00%	14.50%-15.50%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-3.84%)	Libor+(2.75%-3.84%)



32 **Related party disclosures**

During the year ended 31 December 2014, Company entered into a number of transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and amount thereof have been set out below in accordance with the provisions of BAS 24-"Related Party Disclosures".

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

	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
Subsidiary companies		
Purchase of goods/services	247,161,964	241,455,880
Interest receivables	324,564,552	244,240,792
Rental income	5,478,261	5,478,261
Loan	500,000,000	500,000,000
Outstanding payables	20,866,849	20,156,862
Equity-accounted investees		
Sales of goods/services	2,636	10,538
Purchase of goods/services	59,832,702	49,079,895
Loan	58,855,608	95,204,185
Outstanding payables	5,132,684	4,612,730
Key management personnel		
Remuneration	38,584,422	51,587,062
Outstanding remuneration payables	31,212,702	38,735,613
Other related parties		
Sales of goods/services	1,984,165,557	1,915,618,001
Purchase of goods/services	133,506,715	213,518,834
Outstanding payables	14,678,615	22,770,358
Outstanding receivables	442,457,474	399,158,670



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.

Pharmaceuticals: Operates modern pharmaceutical facility which produces and sells pharmaceutical drugs and medicines including biological and non-biological drugs.

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.

2014

	Business Segments					
	Ceramic & sanitary ware	Pharmaceuticals	Power	Inter segment	Entity total	
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Revenue - external customers	5,009,387,118	461,297,574	37,958,254	-	5,508,642,946	
Revenue - inter segment	-	-	256,086,054	(256,086,054)	-	
Total segment revenue	5,009,387,118	461,297,574	294,044,308	(256,086,054)	5,508,642,946	
Cost of sales- external customer	(2,908,585,545)	(183,231,089)	(163,451,376)	-	(3,255,268,010)	
Cost of sales- inter segment	(252,640,225)	(8,924,090)	-	261,564,315	-	
Total segment cost of sales	(3,161,225,770)	(192,155,179)	(163,451,376)	261,564,315	(3,255,268,010)	
Gross profit	1,848,161,348	269,142,395	130,592,932	-	2,253,374,936	
Other income	44,076,989	7,038,353	-	(40,533,261)	10,582,081	
Financial income/(expenses)	204,934,862	(246,768)	4,017,229	(80,323,759)	128,381,564	
Financial income/(expenses)	(7,459,571)	(116,393,091)	(295,367)	80,323,759	(43,824,270)	
Depreciation	(238,101,526)	(43,878,064)	(18,812,492)	-	(300,792,082)	
Other operating expenses	(879,147,098)	(365,191,667)	10,800,612	155,106,240	(1,078,431,913)	
Share of profit of equity-accounted investee	-	-	-	-	(59,023,556)	
Segment profit before tax	972,465,004	(249,528,842)	126,302,914	-	910,266,760	
Income tax expense	(398,704,217)	(1,404,012)	(37,992,335)	-	(438,100,564)	
Deferred tax	15,392,906	-	515,814	-	15,908,720	
Non-controlling interests	-	(112,919,784)	38,195,349	-	(74,724,435)	
Profit for the year					562,799,352	



2013

Business Segments

	Ceramic & sanitary ware		Pharmaceuticals		Power		All other		Inter segment		Entity total	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	4,687,262,509	444,371,710	444,371,710	37,590,989	-	-	-	-	-	-	-	5,169,225,208
Revenue - inter segment	-	-	-	249,472,135	-	-	-	-	(249,472,135)	-	-	-
Total segment revenue	4,687,262,509	444,371,710	444,371,710	287,063,124	-	-	-	-	(249,472,135)	-	-	5,169,225,208
Cost of sales- external customer	(2,715,064,977)	(195,357,065)	(195,357,065)	(162,581,216)	-	-	-	-	-	-	-	(3,073,003,258)
Cost of sales- inter segment	(246,934,141)	(8,016,255)	(8,016,255)	-	-	-	-	-	254,950,396	-	-	-
Total segment cost of sales	(2,961,999,118)	(203,373,320)	(203,373,320)	(162,581,216)	-	-	-	-	254,950,396	-	-	(3,073,003,258)
Gross profit	1,725,263,391	240,998,390	240,998,390	124,481,908	-	-	-	-	-	-	-	2,096,221,950
Other income	38,414,466	7,273,398	7,273,398	-	-	-	44,520	-	(31,537,507)	-	-	14,194,877
Financial income	213,035,252	542,985	542,985	1,235,679	39	-	39	-	(84,061,293)	-	-	130,752,662
Financial expenses	(12,722,910)	(115,746,043)	(115,746,043)	(328,830)	(1,120)	-	(1,120)	-	84,061,293	-	-	(44,737,610)
Depreciation	(296,422,661)	(45,175,742)	(45,175,742)	(30,118,164)	-	-	-	-	-	-	-	(371,716,567)
Other operating expenses	(485,340,963)	(365,030,809)	(365,030,809)	23,281,679	(128,814)	-	(128,814)	-	-	-	-	(827,218,907)
Share of profit of equity-accounted investee	-	-	-	-	-	-	-	-	-	-	-	(49,674,425)
Segment profit before tax	1,182,226,575	(277,137,821)	(277,137,821)	118,552,272	(85,375)	-	(85,375)	-	-	-	-	947,821,980
Income tax expense	(340,962,371)	-	-	(44,169,714)	-	-	-	-	-	-	-	(385,132,085)
Deferred tax	27,122,870	-	-	(287,387)	-	-	-	-	-	-	-	26,835,483
Non-controlling interests	-	-	-	31,860,922	-	-	(41,834)	-	-	-	-	(92,892,932)
Profit for the year	-	(124,712,020)	(124,712,020)	31,860,922	(41,834)	-	(41,834)	-	-	-	-	682,418,310



	<u>2014</u> <u>Taka</u>	<u>2013</u> <u>Taka</u>
34 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>562,799,352</u>	<u>682,418,310</u>
No. of ordinary equity shares	<u>336,850,611</u>	<u>336,850,611</u>
Weighted average no. of equity shares outstanding (Note-34.2)	<u>336,850,611</u>	<u>336,850,611</u>
Earnings per share (EPS) for the year	<u>1.67</u>	<u>2.03</u>
34.1 Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company for the year from continuing operations	<u>611,564,573</u>	<u>742,766,563</u>
No. of ordinary equity shares	<u>336,850,611</u>	<u>336,850,611</u>
Weighted average no. of equity shares outstanding (Note-34.2)	<u>336,850,611</u>	<u>336,850,611</u>
Earnings per share (EPS) for the year	<u>1.82</u>	<u>2.21</u>

34.2 Weighted average number of ordinary shares

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

	<u>2014</u>	<u>2013</u>
Outstanding shares	306,227,829	306,227,829
Effect of issue of bonus shares for the year 2013	<u>30,622,782</u>	<u>30,622,782</u>
	<u>336,850,611</u>	<u>336,850,611</u>

34.3 Diluted earnings 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.

35 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 545,769,825 (31 Dec 2013: Tk 542,219,026). 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 1,343,080,962 (31 Dec 2013: Tk 423,523,967) and letter of guarantee of Tk 38,625,334 (31 Dec 2013: Tk 40,039,759).

36 Events after the reporting period

36.1 Declaration of dividend and date of Annual General Meeting (AGM)

The Board of Directors of RAK Ceramics (Bangladesh) Limited, at its 124th meeting held on 3 February 2015, has recommended cash dividend @ 25% (i.e. Tk 2.50 per share of Tk 10.00 each) for the year ended on 31 December 2014. These dividends are subject to final approval by the shareholders at the forthcoming Annual General Meeting (AGM) of the Company on 25 March 2015.

36.2 Other subsequent event

The Board of Directors of RAK Ceramics (Bangladesh) Limited, at its 124th meeting held on 3 February 2015 resolved that the entire shareholding i.e. 192,500 number of ordinary shares of Tk 100 each of RAK-Mosfly (Bangladesh) Pvt. Ltd. held by RAK Ceramics (Bangladesh) Limited, an associate of RAK Ceramics (Bangladesh) Limited, be sold to Dr. M.A. Malek (existing shareholder of RAK-Mosfly (Bangladesh) Pvt. Ltd.) @ Tk 100 per share totaling to Tk 19,250,000 only subject to approval by the concerned authorities.

