

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

**RAK Ceramics (Bangladesh) Limited**

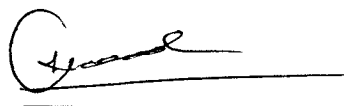
Consolidated financial statements  
for the period ended 31 March 2015

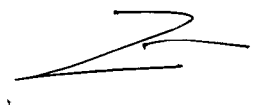
**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Financial Position**  
**as at 31 March 2015**

	Notes	31 Mar 2015 Taka	31 Dec 2014 Taka
<b>Assets</b>			
Property, plant and equipment	4	1,958,339,404	2,013,734,249
Equity-accounted investees	5	25,479,555	27,987,349
Intangible assets	6	4,336,810	4,815,453
Capital work-in-progress	7	443,113,354	289,116,566
Loan to associates	8	7,435,363	18,193,968
<b>Total non-current assets</b>		<b>2,438,704,486</b>	<b>2,353,847,585</b>
Inventories	9	1,858,571,685	1,835,354,727
Trade and other receivables	10	595,069,958	580,719,781
Loan to disposed subsidiary and associates	8	287,599,399	40,661,640
Advance, deposit and prepayments	11	555,053,899	367,057,405
Advance income tax	12	2,073,779,182	2,013,796,131
Cash and cash equivalents	13	1,863,664,584	1,473,926,142
Assets held for sale	14	-	811,614,330
<b>Total current assets</b>		<b>7,233,738,707</b>	<b>7,123,130,156</b>
<b>Total assets</b>		<b>9,672,443,193</b>	<b>9,476,977,741</b>
<b>Equity</b>			
Share capital	15	3,368,506,110	3,368,506,110
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,310,434,116	1,077,275,395
<b>Equity attributable to equity holders of the company</b>		<b>6,152,588,205</b>	<b>5,919,429,484</b>
<b>Non-controlling interests</b>		<b>147,302,268</b>	<b>(58,949,789)</b>
<b>Total equity</b>		<b>6,299,890,473</b>	<b>5,860,479,695</b>
<b>Liabilities</b>			
Deferred tax liability	16	73,987,533	78,418,185
<b>Total non-current liabilities</b>		<b>73,987,533</b>	<b>78,418,185</b>
Employees benefits payable	17	7,490,788	71,171,343
Borrowings	18	504,065,369	323,755,163
Trade and other payables	19	326,241,327	355,096,186
Accrued expenses	20	154,671,891	190,505,273
Provision for income tax	21	2,306,095,812	2,182,344,567
Liabilities held for sale	14	-	415,207,329
<b>Total current liabilities</b>		<b>3,298,565,187</b>	<b>3,538,079,861</b>
<b>Total liabilities</b>		<b>3,372,552,720</b>	<b>3,616,498,046</b>
<b>Total equity and liabilities</b>		<b>9,672,443,193</b>	<b>9,476,977,741</b>

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

  
Chief Financial Officer

  
Director

  
Managing Director

Dhaka, Bangladesh  
Dated, 29 April 2015

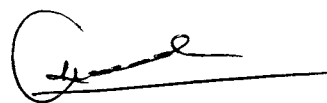
**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated profit or loss and other comprehensive Income**  
**for the period ended 31 March 2015**

	Notes	31 Mar 2015 Taka	31 Mar 2014 Taka
Sales	22	1,226,405,680	1,498,251,767
Cost of sales	23	(697,354,547)	(873,188,866)
<b>Gross profit</b>		<u>529,051,133</u>	<u>625,062,901</u>
Other income	24	621,403,060	1,894,737
Administrative expenses	25	(641,981,560)	(64,720,521)
Marketing and selling expenses	26	(195,001,639)	(295,111,273)
		<u>(215,580,139)</u>	<u>(357,937,057)</u>
<b>Profit from operating activities</b>		<u>313,470,994</u>	<u>267,125,844</u>
Finance income	27	62,608,037	34,865,748
Finance expenses	28	(1,635,541)	(11,698,101)
Net finance income		60,972,496	23,167,647
Share of profit/(loss) of equity-accounted investees	5	(3,492,211)	(5,228,195)
<b>Profit before contribution to Worker's Profit Participation and Welfare Fund</b>		<u>370,951,279</u>	<u>285,065,296</u>
Contribution to Worker's Profit Participation and welfare Fund	29	(6,981,838)	(15,270,952)
<b>Profit before income tax</b>		<u>363,969,441</u>	<u>269,794,344</u>
Income tax expense			
Current tax	30	(123,751,245)	(105,937,640)
Deferred tax	16	4,430,652	(7,180,315)
		<u>(119,320,593)</u>	<u>(113,117,955)</u>
<b>Profit for the period</b>		<u>244,648,848</u>	<u>156,676,389</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<u>244,648,848</u>	<u>156,676,389</u>
<b>Profit attributable to:</b>			
Equity holders of the company		233,158,996	176,466,952
Non-controlling interests		11,489,852	(19,790,563)
<b>Profit after tax for the period</b>		<u>244,648,848</u>	<u>156,676,389</u>
<b>Basic earnings per (Per value TK 10)</b>	34	<b>0.69</b>	<b>0.52</b>

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



Chief Financial Officer



Director



Managing Director

Dhaka, Bangladesh  
Dated, 29 April 2015

**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Changes in Equity**  
**for the period ended 31 March 2015**

	Attributable to owners of the Company				Non-controlling interests Taka	Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka		
<b>Balance as at 01 January 2014</b>	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 31 Mar 2014						
Profit/(loss) for the period	-	-	176,466,952	176,466,952	(19,790,563)	156,676,389
Share money deposit	-	-	-	-	7,000,000	7,000,000
<b>Balance as at 31 March 2014</b>	<u>3,062,278,290</u>	<u>1,473,647,979</u>	<u>1,456,512,559</u>	<u>5,992,438,828</u>	<u>13,543,263</u>	<u>6,005,982,091</u>
<b>Balance as at 01 January 2015</b>	3,368,506,110	1,473,647,979	1,077,275,395	5,919,429,484	(58,949,789)	5,860,479,695
Total comprehensive income for 31 Mar 2015						
Profit/(loss) for the period	-	-	233,158,996	233,158,996	11,489,852	244,648,848
Prior year adjustment	-	-	(275)	(275)	(499,725)	(500,000)
Elimination on disposal of subsidiary (Note - 36.2.1)	-	-	-	-	195,261,930	195,261,930
<b>Balance as at 31 March 2015</b>	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>1,310,434,116</u>	<u>6,152,588,205</u>	<u>147,302,268</u>	<u>6,299,890,473</u>

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

**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Cash Flows**  
**for the period ended 31 March 2015**

	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,023,611,199	1,514,051,874
Cash payments to suppliers and employees	(991,976,458)	(1,108,015,888)
<b>Cash generated from operating activities</b>	<u>31,634,741</u>	<u>406,035,986</u>
Interest received from bank deposit	1,016,451	-
Income tax paid	(59,983,051)	(129,810,580)
<b>Net cash (used in)/from operating activities</b>	<u>(27,331,859)</u>	<u>276,225,406</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(156,969,852)	(64,572,616)
Sale of property, plant and equipment	-	470,500
Loan realized from associates	9,836,846	8,507,861
Disposal proceeds of subsidiary	361,914,560	-
Interest received from FDR	22,388,691	31,795,522
Intangible assets	-	(449,696)
Adjustment related to non-controlling interest	-	7,000,000
<b>Net cash (used, in)/from investing activities</b>	<u>237,170,245</u>	<u>(17,248,429)</u>
<b>Cash flows from financing activities</b>		
Finance charges	(1,758,035)	(11,698,101)
Avail/(repayment) of term loan	-	(1,329,891)
Avail/(repayment) of short-term loan	180,310,206	(94,501,241)
Dividend paid	(113,575)	(88,800)
Unclaimed share application refund	(134,400)	-
<b>Net cash used in financing activities</b>	<u>178,304,196</u>	<u>(107,618,033)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	388,142,582	151,358,944
<b>Cash and cash equivalents as at 01 January</b>	<u>1,475,522,002</u>	<u>1,493,885,366</u>
<b>Cash and cash equivalents as at 31 March</b>	<u><u>1,863,664,584</u></u>	<u><u>1,645,244,310</u></u>

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

## **RAK Ceramics (Bangladesh) Limited**

### **Notes to the Consolidated Financial Statements as at and for the period ended 31 March 2015**

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

##### **RAK Power Pvt. Ltd.**

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 as at 31 Dec 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 29 April 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 period of the Company covers three months from 1 January to 31 March and is followed consistently.

### **2.6 Going concern**

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

### **3 Significant accounting policies**

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

#### **3.1 Basis of consolidation**

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

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

#### **Subsidiaries**

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

#### **Loss of control**

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

#### **Investments in associates**

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

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

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

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



## **Transactions eliminated on consolidation**

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

## **3.2 Financial instruments**

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

### **3.2.1 Non-derivative financial assets**

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

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

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

#### **Financial assets at fair value through profit or loss**

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

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

#### **Held-to-maturity financial assets**

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

#### **Available-for-sale financial assets**

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

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

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

## **Loans and receivables**

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

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

### **a) Investment in associates**

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

### **b) Loans to associates**

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

### **c) Trade & other receivables**

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

### **d) Cash and cash equivalents**

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

## **3.2.2 Non-derivative financial liabilities**

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

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

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

### **a) Trade & other payables**

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

### **b) Borrowings**

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

## **3.3 Share capital**

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

### 3.4 Property, plant and equipment

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

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

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

#### 3.4.1 Depreciation on property, plant and equipment

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

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

Category of property, plant and equipment	Rate (%)
Factory building	2.5-5
General building	2.5-20
Head Office building	2.5-5
Plant and machinery	5-10
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixture and equipment	10
Office equipment	10-33.33
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. No depreciation is charged on capital work in progress.

### 3.6 Intangible assets

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

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

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

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

### 3.7 Leased assets

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

#### Lease payments

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

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

### 3.8 Inventories

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

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

### 3.9 Impairment

#### Non-derivative financial assets

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

#### Non-financial assets

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

#### Calculation of recoverable amount

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

#### Recognition of impairment

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

#### Reversal of impairment

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

### **3.10 Employee benefit schemes**

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

#### **Defined contribution plan (provident fund)**

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

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

#### **Defined benefit plan**

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

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

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

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

### **3.12 Provisions**

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

### **3.13 Revenue recognition**

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

### **3.14 Finance income and expenses**

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

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

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

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

### 3.15 Foreign currency

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

### 3.16 Taxation

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

#### **Current tax:**

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

#### **Deferred tax:**

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

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

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

### **3.22 Comparatives and reclassification**

Comparative information have been disclosed in respect of 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 period's financial statements.

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

4 Property, Plant and Equipment

31 Mar 2015

Particulars	C O S T				D E P R E C I A T I O N				Net book value at 31 Mar 2015			
	Balance at 01 Jan 2015	Additions	Sale/ disposal	Transfer to held for sale	Total at 31 Mar 2015	Rate (%)	Up to 01 Jan 2015	Charged for the period		Adjustment	Transfer to held for sale	Total to 31 Mar 2015
Land	763,396,641	-	-	-	763,396,641	2.5-5	232,033,103	5,500,060	-	-	237,533,163	763,396,641
Factory building	462,050,577	-	-	-	462,050,577	2.5-20	33,969,010	1,031,300	-	-	35,000,310	224,517,414
Factory office building	83,568,695	-	-	-	83,568,695	2.5-5	103,647,545	1,277,846	-	-	39,617,211	48,568,385
Head office building	103,647,545	-	-	-	103,647,545	2.5-5	3,141,538,261	43,070,660	-	-	2,393,641,553	64,030,334
Plant and machinery	3,141,538,261	-	-	-	3,141,538,261	5-10	92,979,617	1,550,455	-	-	69,419,277	747,896,708
Mobile plant	92,979,617	-	-	-	92,979,617	10	67,868,822	2,160,382	-	-	150,670,622	23,560,340
Electrical installation	176,368,708	-	-	-	176,368,708	10-20	42,107,920	157,616	-	-	42,265,536	25,698,086
Gas pipeline	43,985,379	-	-	-	43,985,379	10-20	18,467,403	615,584	-	-	19,082,987	1,719,843
Furniture and fixtures	27,395,225	1,444,568	-	-	28,839,793	10	16,404,913	637,913	-	-	17,042,826	9,756,806
Office equipment	23,353,785	882,210	-	-	24,235,995	10-33.33	7,373,533	177,713	-	-	3,604,162	7,193,169
Communication equipment	7,373,533	-	-	-	7,373,533	10-20	5,015,836	141,892	-	-	5,157,728	3,769,371
Tools and appliances	7,611,979	63,743	-	-	7,675,722	10-20	25,726,318	1,463,945	-	-	27,190,263	2,517,994
Vehicles	62,904,576	-	-	-	62,904,576	10-20	3,631,012	-	-	-	3,631,012	35,714,313
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	-	-	-	-	-	-
Total at 31 March 2015	4,999,805,533	2,390,521	-	-	5,002,196,054	-	2,986,071,284	57,785,366	-	-	3,043,856,650	1,958,339,404

31 Dec 2014

Particulars	C O S T				D E P R E C I A T I O N				Net book value at 31 Dec 2014			
	Balance at 01 Jan 2014	Additions	Sale/ disposal	Transfer to held for sale	Total at 31 Dec 2014	Rate (%)	Up to 01 Jan 2014	Charged for the year		Adjustment	Transfer to held for sale	Total to 31 Dec 2014
Land	770,449,971	14,603,200	-	(21,656,530)	763,396,641	2.5-5	236,420,275	27,800,234	-	-	232,033,103	763,396,641
Factory building	689,560,013	12,837,673	-	(240,347,109)	462,050,577	2.5-20	31,089,077	4,401,521	-	(32,187,406)	33,969,010	230,017,474
Factory office building	89,065,829	8,464,746	-	(13,961,880)	83,568,695	2.5-5	40,707,796	6,874,321	-	(1,521,588)	38,339,365	49,599,685
Head office building	171,556,721	-	-	(67,909,176)	103,647,545	2.5-5	2,245,101,084	216,227,273	(65,645)	(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	60,946,019	6,922,803	-	(110,691,819)	67,868,822	790,967,368
Mobile plant	89,307,341	3,672,276	-	(46,354,737)	92,979,617	10	157,695,430	16,137,291	-	(25,322,481)	148,510,240	25,110,795
Electrical installation	222,723,445	-	-	-	176,368,708	10-20	41,249,893	858,027	-	-	42,107,920	27,858,468
Gas pipeline	43,985,379	-	-	-	43,985,379	10-20	27,820,761	5,375,313	-	(14,206,458)	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	25,466,689	3,946,021	(522,213)	(44,794)	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	2,661,779	764,670	-	(12,963,003)	3,426,449	6,948,872
Communication equipment	6,811,567	561,966	-	-	7,373,533	10-12.5	4,452,799	563,037	-	-	5,015,836	3,947,084
Tools and appliances	7,119,260	492,719	-	-	7,611,979	10-20	43,135,701	10,921,572	(2,681,402)	(25,649,553)	25,726,318	2,596,143
Vehicles	86,404,833	11,540,125	(3,285,748)	(31,754,634)	62,904,576	10-20	3,631,012	-	-	-	3,631,012	37,178,258
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	-	-	-	-	-	-
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)	2,986,071,284	2,013,734,249



	<u>31 Mar 2015</u> Taka	<u>31 Mar 2014</u> Taka
<b>4.1 Depreciation charged on the basis of the purpose of use</b>		
Cost of goods manufactured (Note 23.1)	52,581,064	72,810,827
Administrative expenses (Note 25)	5,204,302	6,889,222
Marketing & selling expenses (Note 26)	-	974,297
	<u>57,785,366</u>	<u>80,674,346</u>

**4.2 Disposal of property, plant and equipment**

**31 Mar 2015**

Particulars	Original cost	Accumulated depreciation	Book value	Sales/Lost	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
No disposal	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**31 Dec 2014**

**Continuing Operation:**

Particulars	Original cost	Accumulated depreciation	Book value	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
<b>Total</b>	<u>2,522,831</u>	<u>2,166,059</u>	<u>356,772</u>	<u>1,150,500</u>	<u>793,728</u>

**Discontinued Operation:**

Particulars	Original cost	Accumulated depreciation	Book value	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
<b>Total</b>	<u>2,170,482</u>	<u>1,147,995</u>	<u>1,022,487</u>	<u>1,359,485</u>	<u>336,998</u>
<b>Grand Total</b>	<u>4,693,313</u>	<u>3,314,054</u>	<u>1,379,259</u>	<u>2,509,985</u>	<u>1,130,726</u>

**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	
<b>31 March 2015</b>																	
RAK Security and Services Pvt. Ltd.	35%	38,580,508	4,956,081	43,536,589	22,346,856	22,346,856	-	22,346,856	21,189,733	7,416,407							
RAK Paints Pvt. Ltd.*	47%	425,440,565	231,863,258	657,303,823	598,314,157	495,557,437	1,093,871,594	(436,567,771)	18,063,148								
* Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK 223,250,000.																	
<b>31 December 2014</b>																	
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							
RAK Paints Pvt. Ltd.*	47%	416,097,876	237,953,765	654,051,641	560,828,828	521,948,043	1,082,776,871	(428,725,230)	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	(77,282,761)	(646,552)								
* 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 respectively.																	

**Share of net profit/(loss) :**

	Ownership	Reprting date	Nature of investment	Income	Expenses	Tax expenses	Profit or (loss)	Share of profit/(loss)
<b>31 March 2015</b>								
RAK Security and Services Pvt. Ltd.	35%	31 Mar 2015	Associate	17,285,473	14,948,561	817,919	1,518,993	531,648
RAK Paints Pvt. Ltd.:	47%	31 Mar 2015	Associate	173,115,641	180,958,181	-	(7,842,540)	(3,685,994)
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 Mar 2015	Associate	87,089,723	91,561,460	-	(4,471,737)	(337,865)
<b>31 March 2014</b>								
RAK Security and Services Pvt. Ltd.	35%	31 Mar 2014	Associate	17,310,801	15,171,781	802,133	1,336,887	467,910
RAK Paints Pvt. Ltd.	47%	31 Mar 2014	Associate	191,613,466	201,303,522	-	(9,690,056)	(4,554,326)
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 Mar 2014	Associate	83,755,680	89,464,577	-	(5,708,897)	(1,141,779)
<b>(5,228,195)</b>								

	31 Mar 2015	31 Dec 2014
	Taka	Taka
<b>6 Intangible assets</b>		
Balance as at 1 January	4,815,453	106,059,779
Add: Addition during the period	-	7,202,955
Less: Amortisation during the period (Note-6.1)	478,643	9,043,643
Transfer to non current assets held for sale	-	99,403,638
Balance as at 31 March	<u>4,336,810</u>	<u>4,815,453</u>
<b>6.1 Amortisation charged on the basis of the purpose of use</b>		
Administrative expenses (Note - 25)	<u>478,643</u>	<u>2,202,845</u>
	<u>478,643</u>	<u>2,202,845</u>
<b>7 Capital Work-in-Progress</b>		
Balance as at 1 January	289,116,566	35,091,397
Add: Addition during the period	154,579,331	365,197,998
	<u>443,695,897</u>	<u>400,289,395</u>
Less: Transfer to property, plant & equipment during the period (note 7.1)	-	108,842,656
Impairment loss on capital equipment	582,543	2,330,173
	<u>443,113,354</u>	<u>289,116,566</u>
<b>7.1 Items transferred from capital work in progress to property, plant &amp; equipment</b>		
Facotory building	-	12,837,673
Factory office building	-	6,414,746
Plant & machinery	-	85,917,961
Mobile plant	-	3,672,276
	<u>-</u>	<u>108,842,656</u>
<b>8 Loan to disposed subsidiary and associates</b>		
<b>Non-Current:</b>		
RAK Paints Pvt. Ltd.	7,435,363	18,193,968
	<u>7,435,363</u>	<u>18,193,968</u>
<b>Current:</b>		
RAK Pharmaceuticals Pvt. Ltd.	246,016,000	-
RAK Paints Pvt. Ltd.	41,583,399	40,661,640
	<u>287,599,399</u>	<u>40,661,640</u>
	<u>295,034,762</u>	<u>58,855,608</u>
<b>9 Inventories</b>		
Raw materials	735,240,990.	699,653,297
Stores and consumables spares	904,602,591	883,845,333
Finished goods	86,550,900	100,488,293
Work-in-process	32,513,678	24,813,352
Goods-in-transit	99,663,526	126,554,452
	<u>1,858,571,685</u>	<u>1,835,354,727</u>

	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>10 Trade and other receivables</b>		
Trade receivables (Note 10.1)	560,457,145	563,516,174
	<u>560,457,145</u>	<u>563,516,174</u>
Accrued interest (Note 10.2)	9,052,813	10,100,623
Accrued rental income	190,000	-
Receivable against disposal of investment	25,370,000	6,120,000
Other receivable	-	982,984
	<u>595,069,958</u>	<u>580,719,781</u>
<b>10.1 Trade receivables</b>		
Receivables from local sales	557,371,095	560,106,353
Receivables from export sales	3,086,050	3,409,821
	<u>560,457,145</u>	<u>563,516,174</u>
<b>10.2 Accrued interest</b>		
Interest accrued on FDR	9,052,813	10,100,623
	<u>9,052,813</u>	<u>10,100,623</u>
<b>11 Advance, deposit and prepayments</b>		
Advances:		
Employees	120,304	141,984
Land advance & others	4,672,417	4,666,166
Suppliers against material & services	410,302,981	234,636,472
	415,095,702	239,444,622
Security and other deposits:		
Titas gas	20,215,520	20,215,520
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and supplementary duty (note 11.1)	55,939,602	41,050,431
Deposit with income tax authority	9,705,739	9,705,739
Deposit with VAT authority	8,187,661	8,187,661
Other deposits	652,925	652,925
	96,656,447	81,767,276
Prepayments:		
House rent	11,958,931	8,397,000
Insurance	31,320,358	37,406,076
Others	22,461	42,431
	43,301,750	45,845,507
	<u>555,053,899</u>	<u>367,057,405</u>

	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>11.1 Supplementary duty &amp; VAT</b>		
Balance as at 1 January	41,050,431	33,418,079
Add: Treasury deposit for SD & VAT purpose	241,000,000	1,117,750,000
Rebate of input VAT	78,864,000	256,550,426
	<u>360,914,431</u>	<u>1,407,718,505</u>
Add: Receivable - SD & VAT	-	39,435
	<u>360,914,431</u>	<u>1,407,757,940</u>
Less: SD & VAT on sales	304,880,867	1,360,770,006
Payable- SD & VAT	93,962	1,227,418
Payable- VAT on disposal of raw material	-	4,008,626
	<u>304,974,829</u>	<u>1,366,006,050</u>
Less: Transfer to assets held for sale	-	701,459
Balance as at 31 March	<u><u>55,939,602</u></u>	<u><u>41,050,431</u></u>

## 12 Advance Income Tax

Balance as at 1 January	2,013,796,131	1,656,003,346
Add: Paid during the period	59,983,051	468,576,387
Less: Adjusted during the period	-	(95,151,856)
Less: Transfer to asset held for sale	-	(15,631,746)
Balance as at 31 March (notes 12.1 & 12.2)	<u><u>2,073,779,182</u></u>	<u><u>2,013,796,131</u></u>

### 12.1 Head wise payment

Import	474,180,286	454,216,179
Export	970,914	898,521
Supply	119,221	119,221
Interest on bank deposit	50,694,711	48,515,090
Rental income	1,481,086	1,451,086
Registration	1,798,701	1,763,701
Dividend income	20,144,500	20,144,500
Paid in cash	1,524,389,763	1,486,687,833
	<u><u>2,073,779,182</u></u>	<u><u>2,013,796,131</u></u>

### 12.2 Payment for the period

#### Income year

#### Current period

	22,281,122	
Year 2014	285,315,393	250,315,393
Year 2013	389,651,054	389,651,054
Year 2012	334,263,453	334,263,453
Year 2011	326,291,317	326,291,317
Year 2010	264,605,626	261,903,697
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>2,073,779,182</u></u>	<u><u>2,013,796,131</u></u>

	31 Mar 2015	31 Dec 2014
	<u>Taka</u>	<u>Taka</u>
<b>13 Cash and cash equivalents</b>		
Cash in hand	4,598,427	1,403,048
Cash at banks		
HSBC (current account -001-013432-011,001-107580-011,001-096015-011, 001-096007-011 - BDT)	43,180,760	24,607,644
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	113,804,107	96,722,307
Agrani Bank (current account - 075533005368 - BDT)	-	-
Citibank N.A. (current account - G0100001200262018 - BDT)	13,698,961	15,966,434
Dutch Bangla Bank Ltd. (current account - 117-110-12733,117-110-2481, 117.110.23474 -BDT)	4,141,644	12,675,508
HSBC (ERQ account - 001-013432-047 - USD)	2,985,334	346,764
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	75	1,108
EXIM Bank (SND account - 01513100031877 - BDT)	111,448	526,074
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	401,653	401,998
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	452,546,525	103,270,811
BRAC Bank (SND - 1513101731248001 - BDT)	346,164	346,514
Prime Bank Ltd. (SND - 12531010022563 - BDT)	59,082,599	50,777,650
HSBC (STD - 001-066331-067, 001-107580-067, 001-096015-067 - BDT)	202,327	202,327
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	1,679,747	1,668,460
	<u>692,181,344</u>	<u>307,513,599</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,260,397	1,394,797
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,941,472	3,941,472
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,608
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,593	126,593
	<u>5,482,070</u>	<u>5,616,470</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,533,110	2,536,000
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,236,370	2,237,667
SCB (Current - 02-6162940-02- BDT) - 2012	3,880,827	3,884,188
SCB (Current - 02-6162940-03- BDT) - 2013	16,683,998	16,803,715
	<u>25,334,305</u>	<u>25,461,570</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	30,652,345	40,000,000
SCB	762,080	762,080
Prime Bank Ltd.	280,649,701	280,000,000
Dutch Bangla Bank Ltd.	824,004,312	813,169,375
	<u>1,136,068,438</u>	<u>1,133,931,455</u>
Total	<u>1,863,664,584</u>	<u>1,473,926,142</u>

**14 Disposal group held for sale**

	31 Mar 2015	31 Dec 2014
	<u>Taka</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
<b>Assets held for sale</b>	<u>-</u>	<u>811,614,330</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
<b>Liabilities held for sale</b>	<u>-</u>	<u>415,207,329</u>

<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
<u>Taka</u>	<u>Taka</u>

## 15 Share Capital

Authorised :

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

<u>6,000,000,000</u>	<u>6,000,000,000</u>
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Issued, subscribed, called and paid up :

336,850,611 ordinary shares of Taka 10/- each

<u>3,368,506,110</u>	<u>3,368,506,110</u>
<u>3,368,506,110</u>	<u>3,368,506,110</u>

Percentage of shareholdings :

	2015		2014	
	%	Taka	%	Taka
RAK Ceramics PSC, UAE	72.41	2,439,100,210	72.41	2,439,100,210
S.A.K. Ekramuzzaman	4.81	162,119,850	4.81	162,119,850
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	280	0.00	280
Sheikh Omer Bin Saqr Al Qassimi	0.00	280	0.00	280
Sheikh Ahmad Bin Humaid al Qassimi	0.00	280	0.00	280
Hamad Abdulla Al Muttawa	0.00	140	0.00	140
Dr. Khatet Massaad	0.00	140	0.00	140
Abdallah Massaad	0.00	140	0.00	140
Manoj Uttamrao Ahire	0.00	140	0.00	140
General Public (including EII & employee)	22.78	767,284,650	22.78	767,284,650
	<u>100.00</u>	<u>3,368,506,110</u>	<u>100.00</u>	<u>3,368,506,110</u>

Classification of shareholders by holding

Shareholder's range

	Number of shareholders		Number of shares	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Less than 500 shares	38,832	41,596	8,101,317	8,569,150
501 to 5,000 shares	9,871	10,676	13,217,790	14,479,036
5001 to 10,000 shares	620	677	4,504,200	4,863,871
10,001 to 20,000 shares	246	288	3,552,297	4,124,063
20,001 to 30,000 shares	68	91	1,699,579	2,266,150
30,001 to 40,000 shares	40	39	1,415,442	1,372,875
40,001 to 50,000 shares	35	36	1,582,568	1,656,884
50,001 to 100,000 shares	67	65	4,791,714	4,686,055
100,001 to 1,000,000 shares	52	44	12,098,220	10,851,017
Over 1,000,000 shares	9	8	285,887,484	283,981,510
	<u>49,840</u>	<u>53,520</u>	<u>336,850,611</u>	<u>336,850,611</u>

	31 Mar 2015	31 Dec 2014
	Taka	Taka
<b>16 Deferred tax liabilities</b>		
Balance as at 1 January	78,418,185	94,326,905
Less : Deferred tax income	(4,430,652)	(15,908,720)
Balance as at 31 March	<u>73,987,533</u>	<u>78,418,185</u>

**17 Employees benefits payable**

Providend fund	2,623,436	2,715,018
Gratuity fund	4,867,352	68,456,325
	<u>7,490,788</u>	<u>71,171,343</u>

	2015		
	Providend fund	Gratuity fund	Total
	Taka	Taka	Taka
Balance as at 1 January	2,715,018	68,456,325	71,171,343
Add: Provision made during the period	7,775,366	4,917,803	12,693,169
	10,490,384	73,374,128	83,864,512
Less: Payments made to fund during the period	7,866,948	68,506,776	76,373,724
Balance as at 31 March	<u>2,623,436</u>	<u>4,867,352</u>	<u>7,490,788</u>

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

**18 Borrowings**

Short-term borrowings	504,065,369	323,755,163
Balance as at 31 March	<u>504,065,369</u>	<u>323,755,163</u>

**18.1 Borrowings by maturity**

At 31 March 2015	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term loans	504,065,369	-	-	-	504,065,369
	<u>504,065,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,065,369</u>
At 31 December 2014	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term loans	323,755,163	-	-	-	323,755,163
	<u>323,755,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,755,163</u>



	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>19 Trade and other payables</b>		
<b>Trade payables</b>		
Payable to local suppliers	112,798,540	116,706,836
Payable to foreign suppliers	100,793,883	113,317,400
Payable to service provider	23,816,247	20,291,798
Payable to C & F agent	13,325,804	29,259,647
	<u>250,734,474</u>	<u>279,575,681</u>
<b>Other payables</b>		
Tax deducted at source	11,886,469	14,516,183
VAT deducted at source	4,661,153	2,956,190
Dividend Payable	24,955,174	25,068,749
Unclaimed share application	19,656,836	19,791,236
Advance from customer against sales	14,255,481	12,775,647
Security deposit	91,740	91,740
Claim Payable to employee	-	320,760
	<u>75,506,853</u>	<u>75,520,505</u>
	<u>326,241,327</u>	<u>355,096,186</u>
<b>20 Accrued expenses</b>		
Power and gas	17,001,489	16,999,787
Staff cost	40,005,806	44,341,158
Audit fees	-	800,000
Professional charges	253,187	274,750
Interest on loans	1,010,063	669,474
Telephone	151,743	155,650
Managing Director's remuneration (Note 20.1)	35,131,816	30,682,702
Worker's profit participation and welfare fund (Note 20.2)	55,605,088	48,623,250
Royalty and technical know-how fees (Note 20.3)	3,529,024	38,352,170
Others	1,983,675	9,606,332
	<u>154,671,891</u>	<u>190,505,273</u>
<b>20.1 Managing Director's remuneration</b>		
Balance as at 1 January	30,682,702	38,340,648
Add: Provision made during the period	8,661,846	30,682,702
Less : Adjustment for prior year	(4,212,732)	-
	<u>35,131,816</u>	<u>69,023,350</u>
Less: Paid to Managing Director	-	38,340,648
Balance as at 31 March	<u>35,131,816</u>	<u>30,682,702</u>
<b>20.2 Worker's profit participation and welfare fund</b>		
Balance as at 1 January	48,623,250	59,111,329
Add: Contribution made to the fund during the period	13,671,498	48,623,250
Less : Adjustment for prior year	(6,689,660)	-
	<u>55,605,088</u>	<u>107,734,579</u>
Less: Payment made from the fund during the period	-	59,111,329
Balance as at 31 March	<u>55,605,088</u>	<u>48,623,250</u>

	<u>31 Mar 2015</u>	<u>31 Dec 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>20.3 Provision for royalty and technical know-how fees</b>		
Balance as at 1 January	38,352,170	225,676,743
Add: Provision made during the period	20,440,934	72,407,557
Add: Adjustment for prior year	233,797	-
	<u>59,026,901</u>	<u>298,084,300</u>
Less: Payment made during the period	36,683,680	-
Less: Payment made for the year 2011 and 2012	-	154,258,821
Less: Vat on royalty deposited for the year 2010	-	34,734,242
Less: Tax provision on excess royalty paid in the year 2008	-	30,739,067
Less: Tax provision on excess royalty paid in the year 2009	5,000,000	40,000,000
Less: Tax provision on excess royalty paid in the year 2010	9,125,074	-
Less: Tax provision for delay payment of vat on royalty for the year 2010	4,689,123	-
Balance as at 31 March	<u>3,529,024</u>	<u>38,352,170</u>

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

## 21 Provision for income Tax

Balance as at 1 January	2,182,344,567	1,840,804,871
Add: Provision made for the period	98,008,712	365,957,485
Add: Provision made for earlier period	13,814,196	70,739,067
Add: Adjustment for prior year	11,928,337	-
	<u>2,306,095,812</u>	<u>2,277,501,423</u>
Less: Provision release during the period	-	(95,151,856)
Less: Transfer to liabilities held for sale	-	(5,000)
Balance as at 31 March (Note 21.1)	<u>2,306,095,812</u>	<u>2,182,344,567</u>

### 21.1 Provision for income Tax

#### Income year

#### Current period

Year 2014	98,008,712	-
Year 2014	377,885,822	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	307,862,864	294,048,668
Year 2009	266,823,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	<u>2,306,095,812</u>	<u>2,182,344,567</u>

	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>22 Sales</b>		
Gross sales (Local)	1,519,168,865	1,873,782,167
Gross sales (Export)	11,803,680	1,659,800
Total Sales	<u>1,530,972,545</u>	<u>1,875,441,967</u>
Less: Supplementary Duty	108,573,773	130,239,481
VAT	195,993,092	246,950,719
Net sales	<u><u>1,226,405,680</u></u>	<u><u>1,498,251,767</u></u>
<b>23 Cost of sales</b>		
Stock of finished goods as at 1 January	100,488,293	237,095,258
Add: Cost of goods manufactured (Note 23.1)	683,417,154	776,650,995
Cost of finished goods available for sale	<u>783,905,447</u>	<u>1,013,746,253</u>
Less: Stock of finished goods as at 31 March	86,550,900	140,557,387
	<u><u>697,354,547</u></u>	<u><u>873,188,866</u></u>
<b>23.1 Cost of goods manufactured</b>		
Cost of materials consumed:		
Opening stock as at 1 January	699,653,297	901,067,829
Add: Purchase during the period	408,232,773	450,841,973
	<u>1,107,886,070</u>	<u>1,351,909,802</u>
Less: Closing stock as at 31 March	735,240,990	917,103,158
	<u><u>372,645,080</u></u>	<u><u>434,806,644</u></u>
Manufacturing overhead:		
Direct labour (Note 23.1.1)	68,798,304	72,089,588
Direct expenses:		
Power and gas	41,171,702	37,714,132
Repairs and indirect materials (Note 23.1.2)	139,007,552	134,731,746
Rental charges	205,435	205,435
Moulds and punches	7,660,801	4,992,288
Depreciation	52,581,064	72,810,827
Royalty and technical know-how/assistance fees (23.1.3)	1,860,534	5,132,298
Other production overhead (Note 23.1.4)	7,187,008	10,957,433
	<u>318,472,400</u>	<u>338,633,747</u>
Cost of production	691,117,480	773,440,391
Difference in work in process:		
Work in process as at 1 January	24,813,352	35,412,055
Work in process as at 31 March	32,513,678	32,201,451
	<u>(7,700,326)</u>	<u>3,210,604</u>
Cost of goods manufactured	<u><u>683,417,154</u></u>	<u><u>776,650,995</u></u>

	31 Mar 2015	31 Mar 2014
	Taka	Taka
<b>23.1.1 Direct Labour</b>		
Salary & Wages	42,210,928	44,132,181
Overtime	3,237,711	3,747,070
Bonus	5,995,659	5,990,259
Incentive	151,205	1,197,344
Temporary Labour Wages	11,152,556	10,667,393
Gratuity	3,184,173	3,265,709
Employer's Contribution to provident fund	2,510,987	2,537,915
Group Life Insurance	355,085	373,701
Cleaning Service Factory	-	178,016
	<u>68,798,304</u>	<u>72,089,588</u>
<b>23.1.2 Repairs and indirect materials</b>		
Stores, Spares, repair & Maintenance	77,907,424	73,278,625
Packing expenses	61,100,128	61,453,121
	<u>139,007,552</u>	<u>134,731,746</u>
<b>23.1.3 Royalty and technical know-how/assistance fees</b>		
Royalty and technical know-how/assistance fees	20,440,934	23,067,065
Add : Adjustment for prior year	233,797	-
Less : Tax provision on excess royalty paid in the year 2008	-	7,934,767
Less : Tax provision on excess royalty paid in the year 2009	5,000,000	10,000,000
Less : Tax provision on excess royalty paid in the year 2010	9,125,074	-
Less : Tax provision for delay payment of vat on royalty for the year 2010	4,689,123	-
	<u>1,860,534</u>	<u>5,132,298</u>
<b>23.1.4 Other production overhead</b>		
Travelling & training expenses	-	1,050,853
Hotel, fare and expenses for technician	924,505	800,553
Demurrage	730,692	2,028,127
Insurance	3,670,294	4,192,083
Impairment loss on capital equipment	582,543	-
Provision for obsolescence	645,167	-
Other expenses	633,807	2,885,817
	<u>7,187,008</u>	<u>10,957,433</u>
<b>24 Other income</b>		
Miscellaneous income	-	1,100,873
Rental income	600,000	600,000
Profit on sale of fixed assets	-	193,864
Gain on disposal of investment against subsidiary (note : 36.2)	600,568,643	-
Gain on disposal of investment against associates (note-36.3)	20,234,417	-
	<u>621,403,060</u>	<u>1,894,737</u>
<b>25 Administrative Expenses</b>		
Staff cost (note-25.1)	28,393,947	30,374,663
Annual General Meeting expenses	1,789,939	976,657
Telephone, postage and supplies	1,488,203	1,133,579
Office repair and maintenance (note 25.2)	2,297,506	2,805,233
Registration and renewal	169,141	193,125
Security and guard expenses	3,017,795	2,744,335
Electricity, gas and water	781,532	1,109,836
Depreciation	5,204,302	6,889,222
Amortisation	478,643	2,202,845
Legal and professional fees	1,089,814	1,761,665
Vehicle repair and maintenance	2,112,721	1,789,381
Rent, rate and tax	547,675	1,563,703
Provision for write off on subsidiary loan and interest :		
Current period	10,100,916	-
Prior year	578,548,552	-
CSR expenses	47,500	180,000
Managing Director's remuneration (note-25.3)	4,449,114	9,774,669
Others	1,464,260	1,221,608
	<u>641,981,560</u>	<u>64,720,521</u>

	31 Mar 2015	31 Mar 2014
	Taka	Taka
<b>25.1 Staff cost</b>		
Salary & Wages	19,434,619	21,373,716
Bonus	2,596,331	2,612,896
Incentive	398,984	1,458,081
Gratuity	1,316,230	1,419,909
Employer's Contribution to provident fund	1,071,498	1,146,698
Group Life Insurance	152,771	130,893
Canteen expenses	380,392	199,442
Staff welfare expenses	186,384	166,740
Hotel, tour, food and air ticket	1,910,978	1,214,683
Food expenses	592,902	500,655
Medical expenses	84,104	47,346
Accommodation	49,114	25,495
Travelling & conveyance	219,640	78,109
	<u>28,393,947</u>	<u>30,374,663</u>
<b>25.2 Office repair &amp; maintenance</b>		
Repairs office equipment	113,171	407,037
Office maintenance	2,184,335	2,140,891
Rent, rates & taxes	-	66,549
Others	-	190,756
	<u>2,297,506</u>	<u>2,805,233</u>
<b>25.3 Managing Director's remuneration</b>		
Provision made during the period	8,661,846	9,774,669
Less : Adjustment for prior year	(4,212,732)	-
	<u>4,449,114</u>	<u>9,774,669</u>
<p>Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.</p>		
<b>26 Marketing &amp; Selling Expenses</b>		
Staff cost (note-26.1)	8,321,814	42,313,836
Advertisement	2,062,057	11,314,900
Freight and transportation	73,044,577	64,845,785
Performance rebates (note-26.2)	61,031,439	77,998,052
Business promotion	9,458,045	37,366,757
Depreciation	-	974,297
Discount	33,475,874	51,218,653
Travel, entertainment and others	7,607,833	9,078,993
	<u>195,001,639</u>	<u>295,111,273</u>
<b>26.1 Staff cost</b>		
Salary & Wages	5,400,358	36,411,351
Overtime	-	4,449
Bonus	624,501	2,439,942
Incentive	1,434,637	825,166
Gratuity	417,401	901,385
Employer's Contribution to provident fund	333,921	1,028,394
Group Life Insurance	45,195	331,487
Food expenses	65,801	371,662
	<u>8,321,814</u>	<u>42,313,836</u>
<b>26.2 Performance rebates</b>		
Compensation	11,895,858	20,258,831
Dealers' commission	23,858,701	29,406,031
Breakage commission	25,276,880	28,333,190
	<u>61,031,439</u>	<u>77,998,052</u>

	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>27 Finance income</b>		
Interest on bank account (SND)	1,016,451	-
Interest on associate loan	11,351,755	3,002,609
Interest on FDR	20,090,042	29,611,887
Exchange gain	30,149,789	2,251,252
	<u>62,608,037</u>	<u>34,865,748</u>
<b>28 Financial expenses</b>		
Interest expenses	1,465,719	11,431,806
Bank charges	169,822	266,295
	<u>1,635,541</u>	<u>11,698,101</u>
<b>29 Contribution to Worker's Profit Participation and welfare Fund</b>		
Provision made during the period	13,671,498	15,270,952
Less : Adjustment for prior year	(6,689,660)	-
	<u>6,981,838</u>	<u>15,270,952</u>
<b>30 Current tax</b>		
Current period	98,008,712	88,002,873
Other tax provision	13,814,196	17,934,767
Adjustment for prior year	11,928,337	-
	<u>123,751,245</u>	<u>105,937,640</u>

### 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:

	USD	USD	Amounts in Taka	
	As at 31 Mar 2015	As at 31 Dec 2014	As at 31 Mar 2015	As at 31 Dec 2014
Trade receivables				
Customer-Local	-	-	557,371,095	596,255,561
Customer-Export	40,027	43,744	3,086,050	3,409,821
	<u>40,027</u>	<u>43,744</u>	<u>560,457,145</u>	<u>599,665,382</u>
Other receivables				
Claim Receivable			-	2,335,805
Accrued Interest			9,052,813	10,100,623
Accrued rental income			190,000	-
Receivable against disposal of investment			25,370,000	6,120,000
Others			-	1,550,931
			<u>34,612,813</u>	<u>20,107,359</u>
Loan to disposed subsidiary and associates				
RAK Pharmaceuticals Pvt. Ltd.			246,016,000	-
RAK Paints Pvt. Ltd.			49,018,762	58,855,608
			<u>295,034,762</u>	<u>58,855,608</u>
Cash equivalents			<u>1,859,066,157</u>	<u>1,473,149,800</u>

##### b) Ageing of receivables

The ageing of trade receivables as at 31 March was:

	Amounts in Taka	
	As at 31 Mar 2015	As at 31 Dec 2014
Not past due		
0-90 days past due	560,457,145	587,360,293
91-180 days past due	-	3,948,480
181-365 days past due	-	2,252,247
over 365 days past due	-	6,104,362
	<u>560,457,145</u>	<u>599,665,382</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 March 2015			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	326,241,327	326,241,327	326,241,327	-
Short term borrowing (foreign)	504,065,369	504,065,369	504,065,369	-
	<u>830,306,696</u>	<u>830,306,696</u>	<u>830,306,696</u>	<u>-</u>
	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 borrowing (foreign)	346,383,263	346,383,263	346,383,263	-
Short term borrowing (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>15,862,740</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 optimising the return.

#### a) Currency risk

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

#### i) Exposure to currency risk

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

	As at 31 March 2015			As at 31 December 2014		
	USD	EURO	JPY	USD	EURO	JPY
Foreign currency denominated assets						
Receivable from customers-Export	40,027	-	-	43,744	-	-
Cash at bank	38,721	-	-	4,463	-	-
	<u>78,748</u>	<u>-</u>	<u>-</u>	<u>48,207</u>	<u>-</u>	<u>-</u>



	As at 31 March 2015			As at 31 December 2014		
	USD	EURO	JPY	USD	EURO	JPY
<b>Foreign currency denominated liabilities</b>						
Trade payables	491,353	614,835	-	39,122	815,409	-
Short term bank loan	3,637,918	2,420,724	19,600,000	2,178,966	1,529,916	4,900,000
Royalty & Technical Fees	45,186	-	-	485,778	-	-
	<u>4,174,457</u>	<u>3,035,559</u>	<u>19,600,000</u>	<u>2,703,866</u>	<u>2,345,325</u>	<u>4,900,000</u>
Net exposure	<u>(4,095,709)</u>	<u>(3,035,559)</u>	<u>(19,600,000)</u>	<u>(2,655,659)</u>	<u>(2,345,325)</u>	<u>(4,900,000)</u>

The Company has foreign exchange gain of Tk 30,149,789 during the period ended 31 Mar 2015 (31 Mar 2014: Exchange gain Tk 5,641,225).

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 Mar 2015	31 Dec 2014
	Taka	Taka
USD	77.6000	78.4500
EURO	83.4307	95.0040
AED	20.8321	21.0312
JPY	0.6543	0.6608

## ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	As at 31 March 2015		As at 31 December 2014	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
<b>At 31 March</b>				
USD (3 percent movement)	(126,671)	119,293	(82,134)	77,349
EURO (3 percent movement)	(93,883)	88,414	(72,536)	68,310
JPY (3 percent movement)	(606,186)	570,874	(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 March 2015	As at 31 December 2014
	Taka	Taka
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investment in FDR	1,136,068,438	1,133,931,455
Cash at banks	722,997,719	339,218,345
<b>Financial liabilities</b>		
Term loan	-	27,986,999
Bank overdraft	-	193,614,115
Short term borrowing (foreign)	504,065,369	346,383,263
Short term borrowing (local)	-	45,925,962

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

	As at 31 March 2015		As at 31 December 2014	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b>Financial assets</b>				
<b>Held to maturity assets</b>				
Investment in FDR	1,136,068,438	1,136,068,438	1,133,931,455	1,133,931,455
<b>Loans and receivables</b>				
Trade receivables	560,457,145	560,457,145	599,665,382	599,665,382
Other receivables	34,612,813	34,612,813	20,107,359	20,107,359
Loan to subsidiary and associates	295,034,762	295,034,762	58,855,608	58,855,608
Cash equivalents	1,859,066,157	1,859,066,157	1,473,149,800	1,473,149,800
<b>Financial liabilities</b>				
<b>Liabilities carried at amortised costs</b>				
Term loan	-	-	27,986,999	27,986,999
Bank overdraft	-	-	193,614,115	193,614,115
Trade and other payables	326,241,327	326,241,327	412,785,159	412,785,159
Short term borrowing (foreign)	504,065,369	504,065,369	346,383,263	346,383,263
Short term borrowing (local)	-	-	45,925,962	45,925,962

**Interest rates used for determining amortised cost**

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

	<u>31 March 2015</u>	<u>31 December 2014</u>
Investment in FDR	3.70%-6.40%	4.30%-10.25%
Term loan	-	09.00%-15.50%
Bank overdraft	12.00%-13.50%	12.00%-13.50%
Short term bank loan (local currency)	12.00%-13.50%	13.50%-15.00%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-3.84%)	Libor+(2.75%-3.84%)

## 32 Related party disclosures

During the period ended 31 March 2015, 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>31 Mar 2015</u>	<u>31 Mar 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>Subsidiary companies</b>		
Purchase of goods/services	64,187,272	61,986,632
Interest receivables	-	266,568,016
Rental Income	1,369,565	1,369,565
Loan	-	500,000,000
Outstanding payables	21,634,337	41,240,714
<b>Equity-accounted investees</b>		
Sales of goods/services	-	2,636
Purchase of goods/services	17,234,247	13,936,622
Loan	49,018,762	86,696,324
Outstanding payables	5,655,360	6,600,152
<b>Key management personnel</b>		
Remuneration	11,251,846	12,006,389
Outstanding remuneration payables	23,023,620	48,645,317
<b>Other related parties</b>		
Sales of goods/services	451,959,715	618,398,412
Purchase of goods/services	28,498,814	39,728,286
Outstanding payables	12,698,817	15,463,809
Outstanding receivables	434,798,166	396,894,582

### 33 Segment reporting

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

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

**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.

#### 31 Mar 2015

	Business Segments					Entity total	
	Ceramic & sanitary ware	Pharmaceuticals		Power			Inter segment
		Taka	Taka	Taka	Taka		
Revenue - external customers	1,209,850,608	-	-	16,555,072	-	1,226,405,680	
Revenue - inter segment	-	-	-	64,187,272	(64,187,272)	-	
Total segment revenue	1,209,850,608	-	-	80,742,344	(64,187,272)	1,226,405,680	
Cost of sales- external customer	(658,559,877)	-	-	(38,794,670)	-	(697,354,547)	
Cost of sales- inter segment	(65,556,837)	-	-	-	65,556,837	-	
Total segment cost of sales	(724,116,714)	-	-	(38,794,670)	65,556,837	(697,354,547)	
Gross profit	485,733,894	-	-	41,947,674	-	529,051,133	
Other income	1,969,565	-	-	-	619,433,495	621,403,060	
Financial income	61,270,838	-	-	1,337,199	-	62,608,037	
Financial expenses	(1,631,286)	-	-	(4,255)	-	(1,635,541)	
Depreciation	(53,385,025)	-	-	(4,400,341)	-	(57,785,366)	
Other operating expenses	(788,407,988)	-	-	2,228,318	-	(786,179,670)	
Share of profit of equity-accounted investee	-	-	-	-	-	(3,492,211)	
Segment profit before tax	(294,450,003)	-	-	41,108,595	-	363,969,441	
Income tax expense	(109,516,311)	-	-	(14,234,934)	-	(123,751,245)	
Deferred tax	4,583,726	-	-	(153,074)	-	4,430,652	
Non -Controlling interest	-	-	-	11,489,852	-	11,489,852	
Profit for the period	-	-	-	-	-	233,158,996	

31 Mar 2014

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	1,384,196,164	105,434,186	8,621,417	-	-	-	-	-	-	-	-	1,498,251,767
Revenue - inter segment	-	-	63,785,796	-	-	-	-	-	-	(63,785,796)	-	-
Total segment revenue	1,384,196,164	105,434,186	72,407,213	-	-	-	-	-	-	(63,785,796)	-	1,498,251,767
Cost of sales- external customer	(791,324,060)	(43,757,633)	(38,107,173)	-	-	-	-	-	-	-	-	(873,188,866)
Cost of sales- inter segment	(63,356,197)	(1,799,164)	-	-	-	-	-	-	-	65,155,361	-	-
Total segment cost of sales	(854,680,257)	(45,556,797)	(38,107,173)	-	-	-	-	-	-	65,155,361	-	(873,188,866)
Gross profit	529,515,907	59,877,389	34,300,040	-	-	-	-	-	-	-	-	625,062,901
Other income	2,163,429	1,100,873	-	-	-	-	-	-	-	(1,369,565)	-	1,894,737
Financial income	55,946,387	-	1,246,585	-	-	-	-	-	-	(22,327,224)	-	34,865,748
Financial expenses	(2,568,758)	(31,437,277)	(19,290)	-	-	-	-	-	-	22,327,224	-	(11,698,101)
Depreciation	(64,998,183)	(11,073,970)	(4,602,193)	-	-	-	-	-	-	-	-	(80,674,346)
Other operating expenses	(214,639,738)	(82,585,641)	2,796,979	-	-	-	-	-	-	-	-	(294,428,400)
Share of profit of equity-accounted investee	-	-	-	-	-	-	-	-	-	-	-	(5,228,195)
Segment profit before tax	305,419,044	(64,118,626)	33,722,121	-	-	-	-	-	-	-	-	269,794,344
Income tax expense	(93,812,683)	-	(12,124,957)	-	-	-	-	-	-	-	-	(105,937,640)
Deferred tax	(6,659,478)	-	(520,837)	-	-	-	-	-	-	-	-	(7,180,315)
Non -Controlling interest	-	-	9,062,819	-	-	-	-	-	-	-	-	(19,790,563)
Profit for the period	-	(28,853,382)	-	-	-	-	-	-	-	-	-	176,466,952

	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>34 Earnings per share (EPS)</b>		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company	<u>233,158,996</u>	<u>176,466,952</u>
No. of ordinary equity shares	<u>336,850,611</u>	<u>336,850,611</u>
Weighted average no. of equity shares outstanding (Note 34.1)	<u>336,850,611</u>	<u>336,850,611</u>
Earnings per share (EPS) for the period	<u>0.69</u>	<u>0.52</u>

#### 34.1 Weighted average number of ordinary shares

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

	<u>31 Mar 2015</u>	<u>31 Mar 2014</u>
Outstanding shares	336,850,611	306,227,829
Effect of issue of bonus shares for the year 2013	-	30,622,782
	<u>336,850,611</u>	<u>336,850,611</u>

#### 34.2 Diluted earning per share

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

#### 35 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 565,672,983 (31 Mar 2014: 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 1,087,279,264 (31 Mar 2014: Tk 216,734,067) and letter of guarantee of Tk 38,625,334 (31 Mar 2014: Tk 38,625,334).

#### 36 Other disclosures

##### 36.1 Changes in policy & estimates

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

##### 36.2 Subsidiary disposal

Rak Pharmaceuticals Pvt. Ltd.

	Taka
Sales proceeds (100% of investment)	361,914,560
Face value Tk. 10, sale @ Tk. 7 per share	
Less : Carrying value (CV) at disposal date	
Net assets at disposal date	(433,916,013)
CV of NCI at disposal date (Note 36.2.1)	(195,261,930)
	<u>(238,654,083)</u>
<b>Gain on disposal</b>	<u>600,568,643</u>

##### 36.2.1 Non controlling interest at disposal date

Net assets at disposal date	(433,916,013)
Less : Group company share 55%	238,654,083
<b>Elimination on disposal of subsidiary</b>	<u>(195,261,930)</u>

##### 36.3 Associate disposal

Rak Mosfly (BD) Ltd.

	Taka
Disposal proceeds	19,250,000
Share of net assets at 31 December 2014	(646,552)
Share of loss during the period	(337,865)
<b>Gain on disposal</b>	<u>20,234,417</u>