

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 30 June 2015

**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Financial Position**  
**as at 30 June 2015**

	Notes	30 June 2015 Taka	31 Dec 2014 Taka
<b>Assets</b>			
Property, plant and equipment	4	2,191,794,079	2,013,734,249
Equity-accounted investees	5	17,808,806	27,987,349
Intangible assets	6	3,858,168	4,815,453
Capital work-in-progress	7	513,565,483	289,116,566
Loan to associates	8	-	18,193,968
<b>Total non-current assets</b>		<b>2,727,026,536</b>	<b>2,353,847,585</b>
Inventories	9	1,810,478,181	1,835,354,727
Trade and other receivables	10	573,359,105	580,719,781
Loan to disposed subsidiary and associates	8	240,868,434	40,661,640
Advance, deposit and prepayments	11	948,958,340	367,057,405
Advance income tax	12	2,106,483,715	2,013,796,131
Cash and cash equivalents	13	1,092,475,973	1,473,926,142
Assets held for sale	14	-	811,614,330
<b>Total current assets</b>		<b>6,772,623,748</b>	<b>7,123,130,156</b>
<b>Total assets</b>		<b>9,499,650,284</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		656,752,819	1,077,275,395
<b>Equity attributable to equity holders of the company</b>		<b>5,498,906,908</b>	<b>5,919,429,484</b>
<b>Non-controlling interests</b>		<b>112,599,293</b>	<b>(58,949,789)</b>
<b>Total equity</b>		<b>5,611,506,201</b>	<b>5,860,479,695</b>
<b>Liabilities</b>			
Borrowings	18	40,495,435	-
Deferred tax liability	16	67,852,560	78,418,185
<b>Total non-current liabilities</b>		<b>108,347,995</b>	<b>78,418,185</b>
Employees benefits payable	17	13,153,818	71,171,343
Borrowings	18	954,885,054	323,755,163
Trade and other payables	19	283,334,382	355,096,186
Accrued expenses	20	125,917,482	190,505,373
Provision for income tax	21	2,402,505,352	2,182,344,567
Liabilities held for sale	14	-	415,207,329
<b>Total current liabilities</b>		<b>3,779,796,088</b>	<b>3,538,079,861</b>
<b>Total liabilities</b>		<b>3,888,144,083</b>	<b>3,616,498,046</b>
<b>Total equity and liabilities</b>		<b>9,499,650,284</b>	<b>9,476,977,741</b>

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

  
Chairman

  
Managing Director

  
Director

  
Chief Financial Officer

  
Company Secretary

Dhaka, Bangladesh  
Dated, 26 July 2015

**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated profit or loss and other comprehensive income**  
**for the period ended 30 June 2015**

Notes	30 June 2015 Taka	30 June 2014 Taka	April to June 15 Taka	April to June 14 Taka
Sales	2,521,862,695	2,883,758,121	1,295,457,013	1,385,596,354
Cost of sales	(1,425,767,447)	(1,705,628,248)	(726,412,969)	(832,439,382)
<b>Gross profit</b>	<b>1,096,095,246</b>	<b>1,178,129,873</b>	<b>567,044,113</b>	<b>553,156,972</b>
Other income	622,353,050	5,351,761	950,000	3,457,024
Administrative expenses	(727,180,063)	(152,179,577)	(85,198,563)	(87,459,096)
Marketing and selling expenses	(366,221,894)	(532,773,589)	(171,220,165)	(237,662,317)
	(471,048,897)	(679,601,405)	(255,408,668)	(321,664,549)
<b>Profit from operating activities</b>	<b>625,046,439</b>	<b>498,528,468</b>	<b>311,575,445</b>	<b>231,402,623</b>
Finance income	60,110,387	65,659,019	(2,497,670)	30,793,271
Finance expenses	(6,152,714)	(21,729,609)	(4,537,173)	(10,033,568)
Net finance income	53,957,673	43,929,410	(7,034,843)	20,760,703
Share of profit/(loss) of equity-accounted investees	(11,362,961)	(14,188,379)	(7,670,759)	(8,960,387)
<b>Profit before contribution to Worker's Profit Participation and Welfare Fund</b>	<b>667,841,131</b>	<b>528,209,239</b>	<b>296,889,832</b>	<b>243,203,943</b>
Contribution to Worker's Profit Participation and welfare Fund	(15,778,867)	(29,989,778)	(8,798,029)	(14,698,826)
<b>Profit before income tax</b>	<b>652,062,264</b>	<b>498,299,461</b>	<b>288,091,822</b>	<b>228,505,117</b>
Income tax expense				
Current tax	(320,160,785)	(223,226,306)	(96,409,540)	(117,288,896)
Deferred tax	10,565,625	(12,560,776)	6,134,973	(5,320,461)
	(299,595,160)	(235,787,082)	(90,274,567)	(122,609,357)
<b>Profit for the period</b>	<b>442,466,104</b>	<b>262,572,179</b>	<b>197,817,256</b>	<b>105,895,790</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>442,466,104</b>	<b>262,572,179</b>	<b>197,817,256</b>	<b>105,895,790</b>
<b>Profit attributable to:</b>				
Equity holders of the company	421,804,227	297,790,807	188,105,231	121,323,853
Non-controlling interests	20,661,877	(35,218,628)	9,712,025	(15,428,063)
<b>Profit after tax for the period</b>	<b>442,466,104</b>	<b>262,572,179</b>	<b>197,817,256</b>	<b>105,895,790</b>
<b>Basic earnings per (Per value TK 10)</b>	<b>1.25</b>	<b>0.88</b>	<b>0.56</b>	<b>0.36</b>

The notes on pages 4 to 37 are an integral part of these financial statements

  
Chairman

  
Managing Director

  
Director

  
Chief Financial Officer

  
Company Secretary

Dhaka, Bangladesh  
Dated, 26 July 2015

**BAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Changes in Equity**  
**for the period ended 30 June 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	1,280,045,007	5,815,971,876	26,333,826	5,842,305,702
Total comprehensive income for 30 June 2014	-	-	297,790,807	297,790,807	(35,218,628)	262,572,179
Share money deposit	-	-	-	-	15,888,273	15,888,273
Transactions with the shareholders						
Cash dividend (2013)	-	-	(459,341,744)	(459,341,744)	(26,443,000)	(485,786,744)
Stock dividend (2013)	306,227,820	-	(306,227,820)	-	-	-
<b>Balance as at 30 June 2014</b>	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>812,266,850</u>	<u>5,654,420,939</u>	<u>(19,441,529)</u>	<u>5,634,979,410</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 30 June 2015	-	-	421,604,227	421,604,227	20,861,877	442,466,104
Price year adjustment	-	-	(275)	(275)	(499,725)	(500,000)
Elimination on disposal of subsidiary (Note - 36.2.1)	-	-	-	-	193,261,930	193,261,930
Transactions with the shareholders						
Cash dividend (2014)	-	-	(842,126,528)	(842,126,528)	(44,075,000)	(886,201,528)
Stock dividend (2014)	-	-	-	-	-	-
<b>Balance as at 30 June 2015</b>	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>656,752,819</u>	<u>5,498,906,908</u>	<u>112,599,293</u>	<u>5,611,506,201</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 30 June 2015**

	<u>30 June 2015</u>	<u>30 June 2014</u>
	Taka	Taka
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,939,327,410	2,870,784,314
Cash payments to suppliers and employees	<u>(1,962,761,168)</u>	<u>(2,055,174,310)</u>
<b>Cash generated from operating activities</b>	<u>(23,433,758)</u>	<u>815,610,004</u>
Interest received from bank deposit	2,796,833	794,920
Income tax paid	<u>(92,687,584)</u>	<u>(189,700,184)</u>
<b>Net cash (used in)/from operating activities</b>	<u>(113,324,509)</u>	<u>626,704,740</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(527,418,905)	(105,936,403)
Sale of property, plant and equipment	-	1,275,289
Loan realized from associates	64,003,174	17,264,624
Disposal proceeds of subsidiaries and associate	368,257,060	-
Interest received from FDR	39,607,572	63,881,841
Intangible assets	(332,704)	(1,011,598)
Adjustment related to non-controlling interest	(44,075,000)	(10,556,727)
Dividend received	350,000	350,000
<b>Net cash (used in)/from investing activities</b>	<u>(99,608,803)</u>	<u>(34,732,974)</u>
<b>Cash flows from financing activities</b>		
Finance charges	(5,026,605)	(21,729,669)
Avail/(repayment) of term loan	40,495,435	2,201,360
Avail/(repayment) of short-term loan	631,129,891	(122,658,319)
Dividend paid	(836,481,038)	(456,372,902)
Unclaimed share application refund	(230,400)	(9,600)
<b>Net cash (used in)/from financing activities</b>	<u>(170,112,717)</u>	<u>(598,569,130)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(383,046,029)</u>	<u>(6,597,364)</u>
<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 30 June</b>	<u>1,092,475,973</u>	<u>1,487,288,002</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 30 June 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. 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 : Dhama, 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 Bangladeshi 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 26 July 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 Bangladeshi 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 30 June and is followed consistently.

### 2.6 Going concern

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



### 3 Significant accounting policies

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

#### 3.1 Basis of consolidation

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

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

#### Subsidiaries

Subsidiaries are enterprises controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The results of operations and total assets and liabilities of subsidiary companies are included in the consolidated financial statements on a line-by-line basis and the interest of minority shareholders, if any, in the results and net assets of subsidiaries is stated separately. The financial 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 Decrately 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 Bangladeshi 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 conform to current period's presentation.

4. Property, Plant and Equipment

30 June 2015

Particulars	C. O. S. T					DEPRECIATION					Net book value at 30 June 2015	
	Balance at 01 Jan 2015	Additions	Sold/ disposed	Transfer to held for sale	Total at 30 June 2015	Rate (%)	Up to 01 Jan 2015	Charged for the period	Adjustment	Transfer to held for sale		Total to 30 June 2015
Land	763,396,641	-	-	-	763,396,641	-	-	-	-	-	-	763,396,641
Factory building	462,050,577	12,241,122	-	-	474,291,699	2.5-5	232,033,300	31,198,885	-	-	243,232,185	231,053,711
Factory office building	83,568,695	-	-	-	83,568,695	2.5-20	33,969,010	2,074,059	-	-	2,074,059	47,525,628
Head office building	103,647,545	-	-	-	103,647,545	2.5-5	38,339,365	2,569,891	-	-	2,569,891	62,378,289
Plant and machinery	7,141,538,261	259,718,125	-	-	7,401,256,386	5-10	2,550,570,893	92,751,003	-	-	92,751,003	957,935,400
Mobile phone	92,978,617	9,911,801	-	-	102,890,418	10	67,868,822	3,321,291	-	-	3,321,291	31,791,365
Electrical installation	176,368,708	4,684,529	-	-	181,053,237	10-20	148,510,240	4,456,449	-	-	4,456,449	28,066,539
Gas pipeline	43,985,379	4,151,513	-	-	48,136,891	10-20	42,107,920	483,071	-	-	42,589,991	5,546,900
Furniture and fixtures	27,395,225	2,381,933	-	-	29,777,158	10	18,467,400	1,284,686	-	-	1,284,686	19,152,089
Office equipment	33,353,785	3,654,582	-	-	37,008,367	10-33.33	16,404,913	1,349,933	-	-	1,349,933	9,253,921
Communication equipment	7,373,533	-	-	-	7,373,533	10-20	3,426,449	357,400	-	-	357,400	3,589,684
Tools and appliances	7,841,979	903,889	-	-	8,745,868	10-20	5,015,856	302,093	-	-	302,093	3,197,932
Vehicles	62,904,576	3,651,421	-	-	66,555,997	10-20	35,736,318	3,016,769	-	-	3,016,769	37,812,010
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	3,631,012	-	-	-	-	-
Total at 30 June 2015	4,999,803,433	301,222,358	-	-	5,301,025,791	-	3,986,071,384	133,163,538	-	-	3,109,233,812	2,191,791,079

31 Dec 2014

Particulars	C. O. S. T					DEPRECIATION					Net book value at 31 Dec 2014	
	Balance at 01 Jan 2014	Additions	Sold/ disposed	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	-	-	785,053,171	-	-	-	-	-	-	785,053,171
Factory building	689,569,913	12,837,673	-	-	702,407,586	2.5-5	276,420,275	27,800,254	-	-	276,420,275	426,017,474
Factory office building	89,065,829	8,464,746	-	-	97,530,575	2.5-20	31,089,677	4,401,523	-	-	4,401,523	69,499,685
Head office building	171,556,721	-	-	-	171,556,721	2.5-5	40,707,796	6,874,323	-	-	6,874,323	65,308,180
Plant and machinery	3,382,648,788	48,789,025	(207,065)	-	3,423,370,748	5-10	2,245,101,684	216,227,273	(65,645)	(110,693,819)	2,134,342,019	790,967,368
Mobile phone	89,307,341	3,672,176	-	-	92,979,517	10	60,946,819	6,922,893	-	-	6,922,893	25,110,795
Electrical installation	222,223,445	-	-	-	222,223,445	10-20	157,695,430	16,137,291	-	-	16,137,291	27,858,468
Gas pipeline	43,985,379	-	-	-	43,985,379	10-20	41,249,493	858,027	-	-	858,027	4,207,920
Furniture and fixtures	36,092,093	1,068,228	(1,114,500)	-	36,045,821	10	27,430,761	3,375,313	(513,713)	(14,306,456)	16,215,355	
Office equipment	33,353,785	1,398,477	(86,000)	-	34,666,262	10-33.33	25,406,689	3,946,023	(44,794)	(12,963,095)	12,038,793	
Communication equipment	6,811,567	861,866	-	-	7,673,433	10-12.5	2,661,779	364,670	-	-	3,026,449	3,947,084
Tools and appliances	7,119,260	492,719	-	-	7,611,979	10-20	4,452,799	563,037	-	-	5,015,836	2,596,143
Vehicles	86,406,833	11,540,123	(1,285,748)	-	96,661,208	10-20	45,135,701	10,921,572	(2,681,402)	(25,649,533)	25,726,318	
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	3,631,012	-	-	-	-	-
Total at 31 December 2014	5,654,738,431	141,628,355	(4,693,311)	(793,868,130)	4,999,805,335	-	3,930,378,215	300,793,003	(3,314,954)	(231,385,060)	3,946,071,261	2,013,754,249

	<u>30 June 2015</u> Taka	<u>30 June 2014</u> Taka
<b>4.1 Depreciation charged on the basis of the purpose of use</b>		
Cost of goods manufactured (Note 23.1)	112,509,790	145,428,203
Administrative expenses (Note 25)	10,652,738	12,904,907
Marketing & selling expenses (Note 26)	-	1,912,548
	<u>123,162,528</u>	<u>160,245,658</u>

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

30 June 2015

Particulars	Original cost	Accumulated depreciation	Book value	Sales/Loss	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	84,791	1,209	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>338,998</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	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>30 June 2015</b>																	
RAK Security and Services Pvt. Ltd.	35%	42,112,779	4,759,561	46,872,340	24,979,040	71,851,380	492,123,390	24,979,040	-	24,979,040	21,893,300	7,662,655	28,561,955	21,893,300	7,662,655	29,554,955	21,893,300
RAK Paints Pvt. Ltd.*	47%	424,955,776	227,351,803	652,307,579	613,597,634	1,265,905,213	1,105,720,024	1,105,720,024	(453,412,445)	10,146,151	17,808,806	17,808,806	17,808,806	17,808,806	17,808,806	17,808,806	17,808,806
* 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	63,961,833	521,948,043	22,145,546	-	22,145,546	19,676,741	6,884,759	26,061,505	19,676,741	6,884,759	26,561,505	19,676,741
RAK Paints Pvt. Ltd.*	47%	416,097,876	237,953,765	654,051,641	560,828,828	1,214,880,469	1,082,776,871	1,082,776,871	(428,725,230)	21,749,142	6,884,759	28,633,901	21,749,142	6,884,759	28,633,901	28,633,901	21,749,142
RAK Mostly (Bangladesh) Pvt. Ltd.*	20%	67,047,074	120,210,033	187,257,107	158,701,307	345,958,414	105,838,561	264,539,868	(77,282,761)	187,257,107	6,884,759	194,141,866	187,257,107	6,884,759	194,141,866	194,141,866	187,257,107
* Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK. 14,810,000 respectively.																	

Share of net profit/(loss) :

	Ownership	Reporting date	Nature of investment	Income	Expenses	Tax expenses	Profit or (loss)	Share of profit/(loss)
<b>30 June 2015</b>								
RAK Security and Services Pvt. Ltd.	35%	30 June 2015	Associate	35,647,482	30,689,697	1,735,225	3,222,560	777,896
RAK Paints Pvt. Ltd.	47%	30 June 2015	Associate	349,511,767	374,198,983	-	(24,687,216)	(11,602,992)
RAK Mostly (Bangladesh) Pvt. Ltd.	20%	30 June 2015	Associate	87,089,723	91,561,460	-	(4,471,737)	(337,865)
								<u>(11,162,961)</u>
<b>30 June 2014</b>								
RAK Security and Services Pvt. Ltd.	35%	30 June 2014	Associate	35,315,605	29,839,933	1,881,485	3,494,187	872,965
RAK Paints Pvt. Ltd.	47%	30 June 2014	Associate	410,194,698	437,576,941	-	(27,382,243)	(12,869,654)
RAK Mostly (Bangladesh) Pvt. Ltd.	20%	30 June 2014	Associate	146,171,492	157,130,942	-	(10,959,450)	(2,191,890)
								<u>(14,188,579)</u>

	30 June 2015 Taka	31 Dec 2014 Taka
<b>6 Intangible assets</b>		
Balance as at 1 January	4,815,453	106,059,779
Add: Addition during the period	332,704	7,202,955
	<u>5,148,157</u>	<u>113,262,734</u>
Less: Amortisation during the period (Note-6.1)	1,289,989	9,043,643
Transfer to non current assets held for sale	-	99,403,638
Balance as at 30 June	<u>3,858,168</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>1,289,989</u>	<u>4,443,445</u>
	<u>1,289,989</u>	<u>4,443,445</u>
<b>7 Capital Work-in-Progress</b>		
Balance as at 1 January	289,116,566	35,091,397
Add: Addition during the period	517,108,981	365,197,998
	<u>806,225,547</u>	<u>400,289,395</u>
Less: Transfer to property, plant & equipment during the period (note 7.1)	290,912,434	108,842,656
Impairment loss on capital equipment	1,747,630	2,330,173
	<u>513,565,483</u>	<u>289,116,566</u>
<b>7.1 Items transferred from capital work in progress to property, plant &amp; equipment</b>		
Factory building	12,243,122	12,837,673
Factory office building	-	6,414,746
Plant & machinery	260,335,454	85,917,963
Mobile plant	9,911,861	3,672,276
Electrical installation	4,604,520	-
Gas pipe line	3,321,512	-
Furniture & fixture	495,965	-
	<u>290,912,434</u>	<u>108,842,656</u>
<b>8 Loan to disposed subsidiary and associates</b>		
<b>Non-Current:</b>		
RAK Paints Pvt. Ltd.	-	18,193,968
	<u>-</u>	<u>18,193,968</u>
<b>Current:</b>		
RAK Pharmaceuticals Pvt. Ltd.	201,898,000	-
RAK Paints Pvt. Ltd.	38,970,434	40,661,640
	<u>240,868,434</u>	<u>40,661,640</u>
	<u>240,868,434</u>	<u>58,855,608</u>
<b>9 Inventories</b>		
Raw materials	695,511,689	699,653,297
Stores and consumables spares	917,130,452	883,845,333
Finished goods	120,107,118	100,488,293
Work-in-process	27,043,676	24,813,352
Goods-in-transit	50,705,246	126,554,452
	<u>1,810,478,181</u>	<u>1,835,354,727</u>



	30 June 2015 Taka	31 Dec 2014 Taka
<b>10 Trade and other receivables</b>		
Trade receivables (Note 10.1)	547,083,506	563,516,174
	<u>547,083,506</u>	<u>563,516,174</u>
Accrued interest (Note 10.2)	7,248,099	10,100,623
Receivable against disposal of investment	19,027,900	6,120,000
Other receivable	-	982,984
	<u>573,359,105</u>	<u>580,719,781</u>
<b>10.1 Trade receivables</b>		
Receivables from local sales	545,215,285	560,106,353
Receivables from export sales	1,868,221	3,409,821
	<u>547,083,506</u>	<u>563,516,174</u>
<b>10.2 Accrued interest</b>		
Interest accrued on FDR	7,248,099	10,100,623
	<u>7,248,099</u>	<u>10,100,623</u>
<b>11 Advance, deposit and prepayments</b>		
Advances:		
Employees	228,559	141,984
Land advance & others	29,609,260	4,666,166
Suppliers against material & services	763,172,180	234,636,472
	<u>793,009,999</u>	<u>239,444,622</u>
Security and other deposits:		
Titas gas	20,215,520	20,215,520
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and supplementary duty (note 11.1)	51,230,791	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	1,486,626	652,925
	<u>92,781,337</u>	<u>81,767,276</u>
Prepayments:		
House rent	11,578,612	8,397,000
Insurance	51,572,884	37,406,076
Others	15,908	42,431
	<u>63,167,004</u>	<u>45,845,507</u>
	<u>948,958,340</u>	<u>367,057,405</u>

	30 June 2015 <u>Taka</u>	31 Dec 2014 <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	497,120,000	1,117,750,000
Rebate of input VAT	141,188,200	256,550,426
	<u>679,358,631</u>	<u>1,407,718,505</u>
Add: Receivable - SD & VAT	-	39,435
	679,358,631	1,407,757,940
Less: SD & VAT on sales	627,772,184	1,360,770,006
Payable- SD & VAT	355,656	1,227,418
Payable- VAT on disposal of raw material	-	4,008,626
	<u>628,127,840</u>	<u>1,365,006,050</u>
Less: Transfer to assets held for sale	-	701,459
Balance as at 30 June	<u>51,230,791</u>	<u>41,050,431</u>
<b>12 Advance Income Tax</b>		
Balance as at 1 January	2,013,796,131	1,656,003,346
Add: Paid during the period	92,687,584	468,576,387
Less: Adjusted during the period	-	(95,151,856)
Less: Transfer to assets held for sale	-	(15,631,746)
Balance as at 30 June (notes 12.1 & 12.2)	<u>2,106,483,715</u>	<u>2,013,796,131</u>
<b>12.1 Head wise payment</b>		
Import	488,078,773	454,216,179
Export	1,045,475	898,321
Supply	119,221	119,221
Interest on bank deposit	52,595,196	48,515,090
Rental income	1,511,086	1,451,086
Registration	1,934,701	1,763,701
Dividend income	31,899,500	20,144,500
Paid in cash	<u>1,529,389,763</u>	<u>1,486,687,833</u>
	<u>2,106,483,715</u>	<u>2,013,796,131</u>
<b>12.2 Payment for the period</b>		
<b><u>Income year</u></b>		
<b><u>Current period</u></b>	54,985,655	-
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	261,993,697
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>2,106,483,715</u>	<u>2,013,796,131</u>



	30 June 2015	31 Dec. 2014
	Taka	Taka
<b>13 Cash and cash equivalents</b>		
Cash in hand	6,277,528	1,403,048
Cash at banks		
HSBC (current account - 001-013432-011, 001-107580-011, 001-096007-011 - BDT)	50,870,129	24,607,644
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	65,885,745	96,722,307
Agrani Bank (current account - 075533005368 - BDT)	-	-
Citibank N.A. (current account - G0100001200262018 - BDT)	7,690,920	15,966,434
Dutch Bangla Bank Ltd. (current account - 117-110-12753, 117-110-2481, 117-110-23474 - BDT)	4,299,930	12,675,308
HSBC (ERQ account - 001-015432-047 - USD)	6,629,896	346,764
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	367,735	1,108
EXIM Bank (SND account - 01513100031877 - BDT)	112,759	526,074
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	1,031,303	401,998
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330, 117-120-2550 - BDT)	43,607,017	103,279,811
BRAC Bank (SND - 1513101731248001 - BDT)	350,518	346,514
Prime Bank Ltd. (SND - 12531010022563 - BDT)	64,792,980	50,777,650
HSBC (STD - 001-066331-067, 001-107580-067, 001-096015-067 - BDT)	-	202,327
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	1,690,114	1,668,460
	<u>247,328,146</u>	<u>307,513,599</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,173,051	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>5,394,724</u>	<u>5,616,470</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,572,569	2,530,000
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,278,846	2,237,667
SCB (Current - 02-6162940-02 - BDT) - 2012	3,887,194	3,884,188
SCB (Current - 02-6162940-03 - BDT) - 2013	16,690,583	16,803,715
SCB (Current - 02-6162940-04 - BDT) - 2014	5,837,663	-
	<u>31,266,855</u>	<u>25,461,570</u>
Investment in Fixed Deposit Receipts (FDR)		
HSBC	30,652,345	40,000,000
SCB	762,080	762,080
Prime Bank Ltd.	280,649,688	280,000,000
Dutch Bangla Bank Ltd.	490,144,607	813,169,375
	<u>802,208,720</u>	<u>1,133,931,455</u>
Total	<u>1,092,475,973</u>	<u>1,473,926,142</u>
<b>14 Disposal group held for sale</b>		
	30 June 2015	31 Dec. 2014
	Taka	Taka
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	-	16,581,739
Advance income tax	-	20,543,158
Cash and cash equivalents	-	1,395,860
<b>Assets held for sale</b>	<u>-</u>	<u>811,614,320</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>30 June 2015</u>	<u>31 Dec 2014</u>
	<u>Taka</u>	<u>Taka</u>
<b>15 Share Capital</b>		
Authorised :		
600,000,000 ordinary shares of Taka 10/- each	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued, subscribed, called and paid up :		
336,850,611 ordinary shares of Taka 10/- each	<u>3,368,506,110</u>	<u>3,368,506,110</u>
	<u>3,368,506,110</u>	<u>3,368,506,110</u>

Percentage of shareholdings :

	<u>2015</u>		<u>2014</u>	
	%	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 Saïd 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. Khaier 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	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

<u>Shareholder's range</u>	<u>Number of shareholders</u>		<u>Number of shares</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Less than 500 shares	54,874	41,596	7,265,351	8,569,150
501 to 5,000 shares	8,324	10,676	11,128,663	14,479,036
5001 to 10,000 shares	565	677	4,148,857	4,863,871
10,001 to 20,000 shares	319	288	4,693,547	4,124,063
20,001 to 30,000 shares	96	91	2,371,139	2,266,150
30,001 to 40,000 shares	50	39	1,749,876	1,372,875
40,001 to 50,000 shares	44	36	2,049,863	1,656,884
50,001 to 100,000 shares	75	65	5,444,217	4,686,055
100,001 to 1,000,000 shares	61	44	16,502,841	10,851,017
Over 1,000,000 shares	8	8	281,496,257	283,981,510
	<u>44,416</u>	<u>53,520</u>	<u>336,850,611</u>	<u>336,850,611</u>



	30 June 2015 Taka	31 Dec 2014 Taka
<b>16 Deferred tax liabilities</b>		
Balance as at 1 January	78,418,185	94,326,905
Less: Deferred tax income	<u>(10,565,625)</u>	<u>(15,908,720)</u>
Balance as at 30 June	<u>67,852,560</u>	<u>78,418,185</u>

**17 Employees' benefits payable**

Provident fund	3,027,630	2,715,018
Gratuity fund	<u>10,126,188</u>	<u>68,456,325</u>
	<u>13,153,818</u>	<u>71,171,343</u>

	2015		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	2,715,018	68,456,325	71,171,343
Add: Provision made during the period	<u>17,129,194</u>	<u>10,211,258</u>	<u>27,340,452</u>
	19,844,212	78,667,583	98,511,795
Less: Payments made to fund during the period	<u>16,816,582</u>	<u>68,541,395</u>	<u>85,357,977</u>
Balance as at 30 June	<u>3,027,630</u>	<u>10,126,188</u>	<u>13,153,818</u>

	2014		
	Provident fund Taka	Gratuity fund Taka	Total Taka
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>2,715,018</u>	<u>68,456,325</u>	<u>71,171,343</u>

**18 Borrowings**

Non-current:		
Term loan	40,495,435	-
	<u>40,495,435</u>	<u>-</u>
Current:		
Short-term borrowings	954,885,054	323,755,163
	<u>954,885,054</u>	<u>323,755,163</u>
Balance as at 30 June	<u>995,380,489</u>	<u>323,755,163</u>

**18.1 Borrowings by maturity**

At 30 June 2015	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term loans	954,885,054	-	-	-	954,885,054
Term loans and others	-	40,495,435	-	-	40,495,435
	<u>954,885,054</u>	<u>40,495,435</u>	<u>-</u>	<u>-</u>	<u>995,380,489</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>

	30 June 2015 Taka	31 Dec. 2014 Taka
<b>19 Trade and other payables</b>		
<b>Trade payables</b>		
Payable to local suppliers	81,124,327	116,706,836
Payable to foreign suppliers	59,340,887	113,317,400
Payable to service provider	40,849,726	20,291,798
Payable to C & F agent	7,137,479	29,259,647
	<u>188,452,419</u>	<u>279,575,681</u>
<b>Other payables</b>		
Tax deducted at source	16,915,355	14,516,183
VAT deducted at source	6,435,838	2,956,190
Dividend Payable	30,714,239	25,068,749
Unclaimed share application	19,560,836	19,791,236
Advance from customer against sales	16,388,041	12,775,647
Security deposit	4,867,654	91,740
Claim Payable to employee	-	320,760
	<u>94,881,963</u>	<u>75,520,505</u>
	<u>283,334,382</u>	<u>355,096,186</u>
<b>20 Accrued expenses</b>		
Power and gas	17,043,285	16,999,787
Staff cost	32,478,890	44,341,158
Audit fees	-	800,000
Professional charges	266,126	274,750
Interest on loans	1,795,583	669,474
Telephone	131,743	155,650
Managing Director's remuneration (Note 20.1)	26,819,105	30,682,702
Worker's profit participation and welfare fund (Note 20.2)	42,538,507	48,623,250
Royalty and technical know-how fees (Note 20.3)	2,680,716	38,352,170
Others	2,143,527	9,606,332
	<u>125,917,482</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	18,393,641	30,682,702
Less: Adjustment for prior year	(8,425,464)	-
	<u>40,650,879</u>	<u>69,023,350</u>
Less: Paid to Managing Director	13,831,774	38,340,648
Balance as at 30 June	<u>26,819,105</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	29,159,187	48,623,250
Less: Adjustment for prior year	(13,379,320)	-
	<u>64,403,118</u>	<u>107,734,579</u>
Less: Payment made from the fund during the period	21,864,611	59,111,329
Balance as at 30 June	<u>42,538,507</u>	<u>48,623,250</u>



	30 June 2015 Taka	31 Dec 2014 Taka
<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	43,406,822	72,407,557
Add: Adjustment for prior year	233,797	-
	<u>81,992,789</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	15,000,000	40,000,000
Less: Tax provision on excess royalty paid in the year 2010	18,250,147	-
Less: Tax provision for delay payment of vat on royalty for the year 2010	9,378,246	-
Balance as at 30 June	<u>2,680,716</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	180,604,055	365,957,485
Add: Provision made for earlier period	27,628,393	70,739,067
Add: Adjustment for prior year	11,928,337	-
	<u>2,402,505,352</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 30 June (Note 21.1)	<u>2,402,505,352</u>	<u>2,182,344,567</u>

### 21.1 Provision for income Tax

#### Income year

#### Current period

Year 2014	180,604,055	-
Year 2013	377,885,822	365,957,485
Year 2012	362,336,361	362,336,361
Year 2011	339,211,365	339,211,365
Year 2010	326,685,217	326,685,217
Year 2010	321,577,061	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>2,402,505,352</u>	<u>2,182,344,567</u>

	<u>Jan to June 15</u>	<u>Jan to June 14</u>	<u>April to June 15</u>	<u>April to June 14</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b>22 Sales</b>				
Gross sales (Local)	3,126,175,593	3,593,415,382	1,607,606,728	1,719,633,215
Gross sales (Export)	21,020,876	9,130,802	11,217,196	7,471,002
Total Sales	3,149,196,469	3,602,546,184	1,618,223,924	1,727,104,217
Less: Supplementary Duty	222,189,174	244,598,053	313,615,401	114,268,572
VAT	405,144,602	474,280,010	209,151,510	222,329,291
Net sales	2,521,862,693	2,883,758,121	1,295,457,013	1,385,506,354
<b>23 Cost of sales</b>				
Stock of finished goods as at 1 January	100,485,293	237,095,258	36,550,900	140,557,387
Add: Cost of goods manufactured (Note 23.1)	1,445,386,272	1,582,428,955	761,969,118	805,777,960
Cost of finished goods available for sale	1,545,871,565	1,819,524,213	848,520,018	946,335,347
Less: Stock of finished goods as at 30 June	120,107,118	115,895,965	120,107,118	113,895,965
	1,425,764,447	1,703,628,248	728,412,900	832,439,382
<b>23.1 Cost of goods manufactured</b>				
Cost of materials consumed:				
Opening stock as at 1 January	899,653,297	901,067,829	735,240,990	917,103,158
Add: Purchase during the period	775,781,891	733,342,710	367,549,118	282,500,737
	1,675,435,188	1,634,410,539	1,102,790,108	1,199,603,895
Less: Closing stock as at 30 June	695,511,689	755,524,922	695,511,689	755,524,922
	779,923,499	878,885,617	407,278,419	444,078,973
Manufacturing overhead:				
Direct labour (Note 23.1.1)	156,565,993	151,671,495	87,767,689	79,581,007
Direct expenses				
Power and gas	79,244,271	73,868,019	38,072,569	36,153,887
Repairs and indirect materials (Note 23.1.2)	286,402,859	287,464,867	147,395,307	152,733,121
Rental charges	410,870	410,870	205,435	205,435
Moulds and punches	15,128,935	11,352,976	7,468,134	6,360,688
Depreciation	112,599,790	145,428,203	59,928,726	72,617,376
Royalty and technical know-how/assistance fees (23.1.3)	1,012,226	9,887,289	(848,308)	4,754,991
Other production overhead (Note 23.1.4)	16,418,153	23,598,958	9,231,145	12,641,525
	667,693,997	703,682,677	349,220,697	365,048,930
Cost of production	1,447,616,596	1,382,568,294	756,499,116	809,127,903
Difference in work in process:				
Work in process as at 1 January	24,813,352	35,412,055	32,513,678	32,201,451
Work in process as at 30 June	27,043,676	35,551,394	27,043,676	35,551,394
	(2,230,324)	(139,339)	5,470,002	(3,349,943)
Cost of goods manufactured	1,445,386,272	1,582,428,955	761,969,118	805,777,960

	Jan to June 15	Jan to June 14	April to June 15	April to June 14
	Taka	Taka	Taka	Taka
<b>23.1.1 Direct Labour</b>				
Salary & Wages	92,813,203	87,877,178	90,302,275	43,744,997
Overtime	8,909,290	8,585,341	5,671,579	4,838,271
Bonus	14,653,991	12,314,946	8,658,532	6,324,687
Incentive	3,067,923	4,400,909	2,916,718	3,203,565
Temporary Labour Wages	24,890,700	21,908,638	13,438,144	11,241,245
Gratuity	6,616,864	10,573,521	3,432,691	7,307,812
Employer's Contribution to provident fund	5,522,516	4,838,608	3,011,529	2,300,693
Group Life Insurance	691,506	781,967	336,821	408,266
Medical expenses	-	21,366	-	21,366
Cleaning Service Factory	-	369,021	-	191,005
	<u>156,565,993</u>	<u>151,671,495</u>	<u>87,767,689</u>	<u>79,581,907</u>
<b>23.1.2 Repairs and indirect materials</b>				
Stores, Spares, repair & Maintenance	160,753,369	164,365,956	82,845,945	91,087,331
Packing expenses	125,649,490	123,098,911	64,549,362	61,645,790
	<u>286,402,859</u>	<u>287,464,867</u>	<u>147,395,307</u>	<u>152,733,121</u>
<b>23.1.3 Royalty and technical know-how/assistance fees</b>				
Royalty and technical know-how/assistance fees	43,406,822	45,256,823	22,965,888	22,189,758
Add: Adjustment for prior year	233,797	-	-	-
Less: Tax provision on excess royalty paid in the year 2008	-	15,369,534	-	7,434,767
Less: Tax provision on excess royalty paid in the year 2009	13,000,000	20,000,000	10,000,000	10,000,000
Less: Tax provision on excess royalty paid in the year 2010	18,250,147	-	9,125,073	-
Less: Tax provision for delay payment of vat on royalty for the year 2010	9,378,246	-	4,682,121	-
	<u>1,012,226</u>	<u>9,887,289</u>	<u>(848,308)</u>	<u>4,754,991</u>
<b>23.1.4 Other production overhead</b>				
Travelling & training expenses	-	2,420,827	-	1,369,974
Hotel fare and expenses for technician	1,753,452	2,019,848	828,947	1,219,295
Demurrage	2,340,491	4,563,228	1,609,799	2,535,101
Insurance	7,360,435	8,294,053	3,690,141	4,101,970
Fuel & Maintenance	-	6,715	-	6,715
Impairment loss on capital equipment	1,747,630	-	1,165,087	-
Provision for obsolescence	1,890,622	-	1,245,455	-
Other expenses	1,325,523	6,294,287	691,716	3,408,470
	<u>16,418,153</u>	<u>23,598,958</u>	<u>9,231,145</u>	<u>12,641,525</u>
<b>24 Other income</b>				
Dividend income	350,000	350,000	350,000	350,000
Miscellaneous income	-	3,022,072	-	1,921,199
Rental income	1,200,000	1,200,000	600,000	600,000
Profit on sale of fixed assets	-	779,689	-	585,825
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>622,153,060</u>	<u>5,351,761</u>	<u>950,000</u>	<u>3,457,024</u>
<b>25 Administrative Expenses</b>				
Staff cost (note-25.1)	60,672,454	63,322,927	32,278,507	32,948,264
Annual General Meeting expenses	22,212,544	15,939,880	20,422,605	14,963,223
Telephones, postage and supplies	3,229,852	2,616,799	1,741,648	1,483,220
Office repair and maintenance (note 25.2)	4,639,433	6,576,467	2,341,927	3,771,234
Registration and renewal	358,313	536,791	189,172	343,666
Security and guard expenses	5,816,856	5,925,358	2,799,061	3,181,023
Electricity, gas and water	2,669,478	2,839,430	1,887,946	1,729,894
Depreciation	10,652,738	13,904,907	5,448,436	7,015,685
Amortisation	1,289,989	4,443,445	811,347	2,240,600
Legal and professional fees	3,091,698	2,792,645	2,001,884	1,030,980
Vehicle repair and maintenance	4,434,799	3,920,710	2,322,078	2,131,329
Rent, rate and tax	5,916,128	4,453,910	5,268,453	2,890,207
Provision for write off on subsidiary loan and interest:				
Current period	10,100,916	-	-	-
Prior year	578,548,552	-	-	-
CSR expenses	1,174,124	1,460,000	1,126,624	1,280,000
Managing Director's remuneration (note-25.3)	9,968,177	19,177,579	5,319,063	9,402,910
Others	2,404,012	4,268,729	939,752	3,047,121
	<u>727,180,063</u>	<u>152,179,577</u>	<u>85,198,503</u>	<u>87,459,056</u>



	Jan to June 15	Jan to June 14	April to June 15	April to June 14
	Taka	Taka	Taka	Taka
<b>25.1 Staff cost</b>				
Salary & Wages	41,875,564	43,603,580	22,440,945	22,229,864
Bonus	6,097,038	5,393,503	3,500,707	2,780,607
Incentive	1,719,841	2,895,886	1,320,857	1,437,805
Gratuity	2,721,755	4,625,333	1,405,525	3,205,424
Employer's Contribution to provident fund	2,322,230	2,295,252	1,250,732	1,148,554
Group Life Insurance	291,772	321,508	139,001	190,615
Canteen expenses	645,497	380,656	265,105	181,214
Staff welfare expenses	244,389	221,342	58,005	54,602
Hotel, tour, food and air ticket	3,005,350	2,347,925	1,094,372	1,133,242
Food expenses	1,184,771	904,692	591,869	404,037
Medical expenses	224,704	170,958	140,600	123,612
Accommodation	79,520	71,188	30,406	45,693
Travelling & conveyance	260,023	91,104	40,383	12,995
	<u>60,672,454</u>	<u>63,323,927</u>	<u>32,278,507</u>	<u>32,948,264</u>
<b>25.2 Office repair &amp; maintenance</b>				
Repairs office equipment	340,955	1,116,047	227,784	709,010
Office maintenance	4,298,478	4,986,553	2,314,143	2,845,662
Rent, rates & taxes	-	178,909	-	112,360
Others	-	294,958	-	104,202
	<u>4,639,433</u>	<u>6,576,467</u>	<u>2,341,927</u>	<u>3,771,234</u>
<b>25.3 Managing Director's remuneration</b>				
Provision made during the period	18,393,641	19,177,579	9,731,795	9,402,910
Less: Adjustment for prior year	(8,425,464)	-	(4,212,732)	-
	<u>9,968,177</u>	<u>19,177,579</u>	<u>5,519,063</u>	<u>9,402,910</u>
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd				
<b>26 Marketing &amp; Selling Expenses</b>				
Staff cost (note-26.1)	17,776,382	85,737,352	9,454,568	43,423,516
Advertisement	6,127,955	12,065,943	4,065,898	751,943
Freight and transportation	131,419,720	119,425,353	58,375,143	54,579,569
Performance rebates (note-26.2)	111,963,406	130,952,188	50,931,967	52,954,136
Business promotion	15,000,944	74,908,912	5,542,899	37,542,155
Depreciation	-	1,912,548	-	938,251
Discount	69,167,192	90,923,484	35,691,318	39,704,830
Travel, entertainment and others	14,766,205	16,847,609	7,158,372	7,768,817
	<u>366,221,804</u>	<u>532,773,589</u>	<u>171,320,165</u>	<u>237,662,317</u>
<b>26.1 Staff cost</b>				
Salary & Wages	12,420,216	73,829,724	7,019,858	37,468,373
Overtime	-	11,443	-	6,994
Bonus	1,740,285	5,083,020	1,115,784	2,643,078
Incentive	1,776,225	1,353,942	341,388	328,776
Gratuity	872,640	2,079,121	455,239	1,177,736
Employer's Contribution to provident fund	748,872	2,033,126	414,951	1,024,732
Group Life Insurance	87,598	690,992	42,403	359,505
Food expenses	130,546	768,707	64,745	397,045
Medical expenses	-	17,277	-	17,277
	<u>17,776,382</u>	<u>85,737,352</u>	<u>9,454,568</u>	<u>43,423,516</u>
<b>26.2 Performance rebates</b>				
Compensation	12,650,278	22,339,886	754,420	2,081,055
Dealers' commission	46,677,610	54,121,468	22,818,999	24,715,437
Breakage commission	52,635,518	54,490,834	27,358,638	26,157,644
	<u>111,963,406</u>	<u>130,952,188</u>	<u>50,931,967</u>	<u>52,954,136</u>

	<u>Jan to June 15</u>	<u>Jan to June 14</u>	<u>April to June 15</u>	<u>April to June 14</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
<b>27 Finance income</b>				
Interest on bank account (SND)	2,796,833	794,920	1,780,382	794,920
Interest on associate loan	12,391,112	5,756,215	1,029,357	2,753,706
Interest on FDR	34,464,852	55,271,070	14,374,810	25,699,183
Exchange gain	10,457,570	3,836,714	(19,692,219)	1,585,462
	<u>60,110,367</u>	<u>65,659,019</u>	<u>(2,497,670)</u>	<u>30,793,271</u>
<b>28 Financial expenses</b>				
Interest expenses	5,188,000	20,709,937	3,722,371	9,278,131
Bank charges	964,624	1,019,732	794,802	733,437
	<u>6,152,714</u>	<u>21,729,669</u>	<u>4,517,173</u>	<u>10,031,568</u>
<b>29 Contribution to Worker's Profit Participation and welfare Fund</b>				
Provision made during the period	29,159,187	29,969,778	15,487,680	14,698,826
Less : Adjustment for prior year	(13,379,320)	-	(6,689,660)	-
	<u>15,779,867</u>	<u>29,969,778</u>	<u>8,798,020</u>	<u>14,698,826</u>
<b>30 Current tax</b>				
Current period	180,604,055	187,856,972	82,595,343	99,854,099
Other tax provision	27,628,393	38,369,534	13,814,197	17,434,767
Adjustment for prior year	11,928,337	-	-	-
	<u>220,160,785</u>	<u>226,226,506</u>	<u>96,409,540</u>	<u>117,288,866</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		Amounts in Taka	
	As at 30 June 2015	As at 31 Dec 2014	As at 30 June 2015	As at 31 Dec 2014
Trade receivables				
Customer-Local	-	-	545,215,285	396,255,561
Customer-Export	24,200	43,744	1,868,221	3,409,121
	<u>24,200</u>	<u>43,744</u>	<u>547,083,506</u>	<u>399,665,182</u>
Other receivables				
Claim Receivable			-	2,335,805
Accrued Interest			7,348,099	10,100,623
Receivable against disposal of investment			19,027,500	6,120,000
Others			-	1,550,931
			<u>26,275,599</u>	<u>20,107,359</u>
Loan to disposed subsidiary and associates				
RAK Pharmaceuticals Pvt. Ltd.			201,898,000	-
RAK Paints Pvt. Ltd.			38,970,434	38,855,608
			<u>240,868,434</u>	<u>38,855,608</u>
Cash equivalents			<u>1,086,198,445</u>	<u>1,473,149,800</u>

#### b) Ageing of receivables

The ageing of trade receivables as at 30 June was:

	Amounts in Taka	
	As at 30 June 2015	As at 31 Dec 2014
Not past due		
0-90 days past due	547,083,506	587,360,293
91-180 days past due	-	3,948,430
181-365 days past due	-	2,352,247
over 365 days past due	-	6,104,362
	<u>547,083,506</u>	<u>599,665,182</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 payments of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

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

	As at 30 June 2015			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	283,334,382	283,334,382	283,334,382	-
Short term borrowing (foreign)	954,885,054	954,885,054	954,885,054	-
Term loan (foreign)	40,495,435	40,495,435	-	40,495,435
	<u>1,278,714,871</u>	<u>1,278,714,871</u>	<u>1,238,219,436</u>	<u>40,495,435</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.

#### b) Exposure to currency risk

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

	As at 30 June 2015			As at 31 December 2014		
	USD	EURO	JPY	USD	EURO	JPY
Foreign currency denominated assets						
Receivable from customers-Export	24,200	-	-	43,744	-	-
Cash at bank	90,643	-	-	4,463	-	-
	<u>114,843</u>	<u>-</u>	<u>-</u>	<u>48,207</u>	<u>-</u>	<u>-</u>

	As at 30 June 2015			As at 31 December 2014		
	USD	EURO	JPY	USD	EURO	JPY
<b>Foreign currency denominated liabilities</b>						
Trade payables	57,670	643,284	-	39,122	815,409	-
Short term borrowings	3,911,238	7,738,701	14,700,000	2,178,966	1,529,916	4,900,000
Term loan	520,103	-	-	-	-	-
Royalty & Technical Fees	34,280	-	-	455,778	-	-
	<u>4,523,291</u>	<u>8,381,985</u>	<u>14,700,000</u>	<u>2,703,866</u>	<u>2,345,325</u>	<u>4,900,000</u>
Net exposure	<u>(4,468,448)</u>	<u>(8,381,985)</u>	<u>(14,700,000)</u>	<u>(2,653,659)</u>	<u>(2,345,325)</u>	<u>(4,900,000)</u>

The Company has foreign exchange gain of Tk 10,457,570 during the period ended 30 June 2015 (30 June 2014: Exchange gain Tk 3,836,714).

The following significant exchange rates have been applied:

	Exchange rate as at	
	30 June 2015	31 Dec 2014
	Taka	Taka
USD	77.7000	78.4500
EURO	86.8458	95.0040
JPY	0.6358	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 30 June would have increased/decreased profit or loss by the amounts shown below.

	As at 30 June 2015		As at 31 December 2014	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
<b>At 30 June</b>				
USD (3 percent movement)	(136,344)	128,401	(82,134)	77,349
EURO (3 percent movement)	(299,237)	244,135	(72,536)	68,310
JPY (3 percent movement)	(454,639)	428,155	(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 financing 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 30 June 2015	As at 31 December 2014
	Taka	Taka
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investment in FDR	802,298,720	1,133,931,455
Cash at banks	283,989,725	339,218,345
<b>Financial liabilities</b>		
Term loan (Foreign)	40,495,435	27,986,999
Bank overdraft	-	193,614,115
Short term borrowing (foreign)	954,885,054	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 30 June 2015		As at 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
<b>Financial assets</b>				
<b>Held to maturity assets</b>				
Investment in FDR	802,208,720	802,208,720	1,133,931,455	1,133,931,455
<b>Loans and receivables</b>				
Trade receivables	547,083,506	547,083,506	599,665,382	599,665,382
Other receivables	26,275,599	26,275,599	20,107,359	20,107,359
Loan to subsidiary and associates	240,868,434	240,868,434	58,855,608	58,855,608
Cash equivalents	1,086,198,445	1,086,198,445	1,473,149,800	1,473,149,800
<b>Financial liabilities</b>				
<b>Liabilities carried at amortised costs</b>				
Term loan	40,495,435	40,495,435	27,986,999	27,986,999
Bank overdraft	-	-	193,614,115	193,614,115
Trade and other payables	283,334,382	283,334,382	412,785,159	412,785,159
Short term borrowing (foreign)	954,885,054	954,885,054	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:

	30 June 2015	31 December 2014
Investment in FDR	3.20%-8.25%	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 under IAS-24

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

32.1	Name of related party	Relationship	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables	Outstanding payable	Remuneration	Loans	Interest receivables
	RAK Pharmaceuticals Pvt. Ltd.	Subsidiary	Current period Previous period	-	-	-	-	-	500,000,000	387,904,179
	RAK Power Pvt. Ltd.	Subsidiary	Current period Previous period	13,865,901 124,967,920	2,739,130 2,739,130	2,739,130 2,739,130	86,357,242 20,626,794	-	-	-
	RAK Security & Services Pvt. Ltd.	Associate	Current period Previous period	36,032,575 29,062,856	-	-	7,226,179 5,476,185	-	-	-
	RAK Paints Pvt. Ltd.	Associate	Current period Previous period	298,523 132,862	-	-	26,047 10,649	-	38,970,434 77,939,561	-
	Kico Printing & Packaging Industries	Other related party	Current period Previous period	44,168,812 57,423,607	-	-	6,891,023 14,941,168	-	-	-
	Palli Properties Pvt. Ltd.	Other related party	Current period Previous period	5,183,702 5,079,371	-	-	1,470,162	-	-	-
	Sky Road Travel Agents Pvt. Ltd.	Other related party	Current period Previous period	2,142,367 2,946,276	-	-	262,364 142,433	-	-	-
	Green Planet Communications	Other related party	Current period Previous period	4,703,292 10,867,510	-	-	404,881 3,278,630	-	-	-
	Global Business Associates Ltd.	Other related party	Current period Previous period	12,150 152,535	-	-	12,150 14,730	-	-	-
	Mohammed Trading	Other related party	Current period Previous period	-	365,965,433 1,135,677,879	425,574,447 382,772,574	-	-	-	-
	S.A.K. Entertainment	Key Management Personnel	Current period Previous period	-	-	-	18,595,641 19,177,579	18,595,641 19,177,579	-	-
	Intisar Hassan	Key Management Personnel	Current period Previous period	-	-	-	636,060 830,090	4,041,060 7,046,720	-	-

## 32.2 Events after the reporting period

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

## 32.3 Paid to Directors

During the period, provision was made as MD's remuneration for Taka 18,593,641

During the period, Board meeting fees of Taka 7,090 was paid to the board members for attending the Board meetings.

### 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.

#### 30 June 2015

	Business Segments				Entity total Taka
	Ceramic & sanitary ware Taka	Pharmaceuticals Taka	Power Taka	Inter segment Taka	
Revenue - external customers	2,501,806,456	-	20,056,237	-	2,521,862,693
Revenue - inter segment	-	-	133,883,901	(133,883,901)	-
Total segment revenue	2,501,806,456	-	153,940,138	(133,883,901)	2,521,862,693
Cost of sales- external customer	(1,349,204,227)	-	(76,563,220)	-	(1,425,767,447)
Cost of sales- inter segment	(136,623,031)	-	-	136,623,031	-
Total segment cost of sales	(1,485,827,258)	-	(76,563,220)	136,623,031	(1,425,767,447)
Gross profit	1,015,979,198	-	77,376,918	-	1,096,095,246
Other income	62,714,130	-	-	559,638,930	622,353,060
Financial income	58,127,441	-	1,982,926	-	60,110,367
Financial expenses	(6,102,678)	-	(50,036)	-	(6,152,714)
Depreciation	(114,238,094)	-	(8,924,434)	-	(123,162,528)
Other operating expenses	(990,273,821)	-	4,254,614	-	(986,019,207)
Share of profit of equity-accounted investee	-	-	-	-	(11,162,961)
Segment profit before tax	26,206,177	-	74,639,988	-	652,061,263
Income tax expense	(194,348,857)	-	(25,811,928)	-	(220,160,785)
Deferred tax	10,877,693	-	(312,068)	-	10,565,625
Non -Controlling interest	-	-	20,861,877	-	20,861,877
Profit for the period	-	-	-	-	421,604,227

30 June 2014

Business Segments

	Ceramic & sanitary ware		Pharmaceuticals		Power		All other		Inter segment		Entity total	
	Taka		Taka		Taka		Taka		Taka		Taka	
Revenue - external customers	2,641,695,925		224,338,410		17,723,786		-		-			2,883,758,121
Revenue - inter segment	-		-		128,720,775		-		(128,720,775)			-
Total segment revenue	2,641,695,925		224,338,410		146,444,561		-		(128,720,775)			2,883,758,121
Cost of sales- external customer	(1,536,864,710)		(90,342,482)		(78,421,055)		-		-			(1,705,628,249)
Cost of sales- inter segment	(129,660,741)		(1,799,164)		-		-		131,459,905			-
Total segment cost of sales	(1,666,525,451)		(92,141,646)		(78,421,055)		-		131,459,905			(1,705,628,249)
Gross profit	975,170,472		132,196,764		68,023,506		-		-			1,178,129,872
Other income	39,537,994		3,607,897		-		-		(37,794,130)			5,351,761
Financial income	107,384,900		(2,182)		1,939,688		-		(43,663,367)			65,659,019
Financial expenses	(5,526,728)		(61,681,801)		(184,507)		-		43,663,367			(21,729,669)
Depreciation	(129,785,574)		(22,203,315)		(9,256,769)		-		-			(161,245,658)
Other operating expenses	(389,385,501)		(169,342,258)		5,050,473		-		-			(553,677,286)
Share of profit of equity-accounted investee	-		-		-		-		-			(14,188,579)
Segment profit before tax	599,395,564		(117,424,895)		65,572,371		-		-			498,299,461
Income tax expense	(199,703,819)		-		(23,522,687)		-		-			(223,226,506)
Deferred tax	(11,433,824)		(1,066,952)		-		-		-			(12,500,776)
Non-controlling interest	-		(52,841,203)		17,622,575		-		-			(35,218,628)
Profit for the period	-		(52,841,203)		17,622,575		-		-			297,790,807