

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

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
for the period from 1 January 2016 to 30 June 2016

RAK Ceramics (Bangladesh) Ltd
Consolidated statement of financial position
as at 30 June 2016

	Notes	30 June 2016 Taka	31 Dec 2015 Taka
Assets			
Property, plant and equipment	4	4,029,918,055	2,311,590,599
Intangible assets	6	13,181,948	6,683,955
Capital work-in-progress	7	43,347,394	1,545,379,710
Trade and other receivables	10	111,037,500	148,050,000
Total non-current assets		4,197,484,897	4,011,704,264
Inventories	9	2,445,659,231	2,239,844,230
Trade and other receivables	10	569,694,562	638,387,373
Loan to disposed subsidiary	8	201,898,000	201,898,000
Advances, deposits and prepayments	11	444,762,088	340,158,392
Advance income tax	12	2,321,899,699	2,219,806,786
Cash and cash equivalents	13	228,399,963	1,101,566,520
Total current assets		6,212,313,543	6,741,661,301
Total assets		10,409,798,440	10,753,365,565
Equity			
Share capital	14	3,368,506,110	3,368,506,110
Share premium		1,473,647,979	1,473,647,979
Retained earnings		757,932,003	1,196,443,022
Equity attributable to equity holders of the company		5,600,086,092	6,038,597,111
Non-controlling interests		1,280	1,529
Total equity		5,600,087,372	6,038,598,640
Liabilities			
Borrowings	17	725,187,791	420,624,802
Deferred tax liability	15	106,713,092	75,811,194
Total non-current liabilities		831,900,883	496,435,996
Employees benefits payable	16	21,628,915	26,224,135
Borrowings	17	466,384,739	771,119,369
Trade and other payables	18	603,838,187	640,626,199
Accrued expenses	19	159,016,376	196,618,285
Provision for income tax	20	2,726,941,968	2,583,742,941
Total current liabilities		3,977,810,185	4,218,330,929
Total liabilities		4,809,711,068	4,714,766,925
Total equity and liabilities		10,409,798,440	10,753,365,565

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


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dhaka, Bangladesh
Dated, 27 July 2016

RAK Ceramics (Bangladesh) Ltd

Consolidated profit or loss and other comprehensive Income
for the period from 1 January 2016 to 30 June 2016

	Notes	30 June 2016 Taka	30 June 2015 Taka	April to June 16 Taka	April to June 15 Taka
Sales	21	2,689,857,557	2,521,862,693	1,378,675,361	1,295,457,013
Cost of sales	22	(1,574,300,782)	(1,425,767,447)	(828,576,656)	(728,412,900)
Gross profit		1,115,556,775	1,096,095,246	550,098,705	567,044,113
Other income	23	1,200,250	622,353,060	600,250	950,000
Administrative expenses	24	(171,706,886)	(727,180,063)	(94,898,829)	(85,198,503)
Marketing and selling expenses	25	(335,025,484)	(366,221,804)	(174,063,450)	(171,220,165)
		(505,532,120)	(471,048,807)	(268,362,029)	(255,468,668)
Profit from operating activities		610,024,655	625,046,439	281,736,676	311,575,445
Finance income	26	16,131,668	60,110,367	3,759,528	(2,497,670)
Finance expenses	27	(18,461,261)	(6,152,714)	(11,879,371)	(4,517,173)
Net finance income		(2,329,593)	53,957,653	(8,119,843)	(7,014,843)
Share of profit/(loss) of equity-accounted investees	5	-	(11,162,961)	-	(7,670,750)
Profit before contribution to worker's profit participation and welfare fund		607,695,062	667,841,131	273,616,833	296,889,852
Contribution to worker's profit participation and welfare fund	28	(29,978,377)	(15,779,867)	(16,100,341)	(8,798,029)
Profit before income tax		577,716,685	652,061,264	257,516,492	288,091,823
Income tax expense					
Current tax	29	(143,199,027)	(220,160,785)	(54,196,122)	(96,409,540)
Deferred tax	15	(30,901,898)	10,565,625	(35,347,420)	6,134,973
		(174,100,925)	(209,595,160)	(89,543,542)	(90,274,567)
Profit for the period		403,615,760	442,466,104	167,972,950	197,817,256
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		403,615,760	442,466,104	167,972,950	197,817,256
Profit attributable to:					
Equity holders of the company		403,615,509	421,604,227	167,972,834	188,445,231
Non-controlling interests		251	20,861,877	116	9,372,025
Profit after tax for the period		403,615,760	442,466,104	167,972,950	197,817,256
Basic earnings per share (Par value TK 10)	33	1.20	1.25	0.50	0.56

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, 27 July 2016

RAK Ceramics (Bangladesh) Ltd
Consolidated statement of changes in equity
for the period from 1 January 2016 to 30 June 2016

	Attributable to owners of the Company				Non-controlling interests Taka	Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka		
Balance as at 01 January 2015	3,368,506,110	1,473,647,979	1,077,275,395	5,919,429,484	(58,949,789)	5,860,479,695
Total comprehensive income for 2015	-	-	421,604,227	421,604,227	20,861,877	442,466,104
Profit/(loss) for the period	-	-	(275)	(275)	(499,725)	(500,000)
Prior year adjustment	-	-	(275)	(275)	195,261,930	195,261,930
Elimination on disposal of subsidiary	-	-	(842,126,528)	(842,126,528)	(44,075,000)	(886,201,528)
Transactions with the shareholders	-	-	656,752,819	656,752,819	112,599,293	5,611,506,201
Cash dividend (2014)	-	-	656,752,819	656,752,819	112,599,293	5,611,506,201
Balance as at 30 June 2015	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>(842,126,528)</u>	<u>5,498,906,908</u>	<u>(44,075,000)</u>	<u>(886,201,528)</u>
Balance as at 01 January 2016	3,368,506,110	1,473,647,979	1,196,443,022	6,038,597,111	1,529	6,038,598,640
Total comprehensive income for 2016	-	-	403,615,509	403,615,509	251	403,615,760
Profit/(loss) for the period	-	-	403,615,509	403,615,509	251	403,615,760
Transactions with the shareholders:	-	-	(842,126,528)	(842,126,528)	(500)	(842,127,028)
Cash dividend (2014)	-	-	(842,126,528)	(842,126,528)	(500)	(842,127,028)
Balance as at 30 June 2016	<u>3,368,506,110</u>	<u>1,473,647,979</u>	<u>757,932,003</u>	<u>5,600,086,092</u>	<u>1,280</u>	<u>5,600,087,372</u>

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

RAK Ceramics (Bangladesh) Ltd
Consolidated statement of cash flows
for the period from 1 January 2016 to 30 June 2016

	<u>30 June 2016</u>	<u>30 June 2015</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	2,644,338,812	1,938,127,410
Cash payments to suppliers and employees	(2,227,716,889)	(1,962,761,168)
Cash generated from operating activities	<u>416,621,923</u>	<u>(24,633,758)</u>
Interest received from bank deposit	2,578,242	2,796,833
Income tax paid	(102,092,913)	(92,687,584)
Net cash (used in)/from operating activities	<u>317,107,252</u>	<u>(114,524,509)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(382,709,785)	(527,418,905)
Sale of property, plant and equipment	129,500	-
Disposal proceeds of subsidiary and associate	43,355,000	368,257,060
Interest received from FDR	14,944,847	39,607,572
Income from rented depot	1,200,000	1,200,000
Intangible assets	(12,346,418)	(332,704)
Adjustment related to non-controlling interest	-	(44,075,000)
Dividend received	-	350,000
Net cash (used in)/from investing activities	<u>(335,426,856)</u>	<u>(162,411,977)</u>
Cash flows from financing activities		
Finance charges	(21,001,300)	(5,026,605)
Avail/(repayment) of term loan	304,562,989	40,495,435
Avail/(repayment) of short-term loan	(304,734,630)	631,129,891
Dividend paid	(835,737,992)	(836,481,038)
Unclaimed share application refund	2,064,480	(230,400)
Loan realized from associate	-	64,003,174
Net cash (used in)/from financing activities	<u>(854,846,954)</u>	<u>(106,109,543)</u>
Net increase/(decrease) in cash and cash equivalents	<u>(873,166,557)</u>	<u>(383,046,029)</u>
Cash and cash equivalents as at 01 January	<u>1,101,566,520</u>	<u>1,475,522,002</u>
Cash and cash equivalents as at 30 June	<u>228,399,963</u>	<u>1,092,475,973</u>

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

RAK Ceramics (Bangladesh) Limited

Notes to the Consolidated Financial Statements as at and for the period from 1 January 2016 to 30 June 2016

1. Reporting entity

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

1.1 Nature of business

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

1.2 Description of subsidiaries

RAK Pharmaceuticals Pvt. Ltd.

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

RAK Power Pvt. Ltd.

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 as at 30 June 2016. The Company has gone into operation from 1 May 2009. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, Dhaka- 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Power Pvt. Ltd. from 57% to 100% through purchase of 881,495 number of ordinary shares of BDT 100 each in consideration of BDT 255 per share totaling to BDT 224,781,225 only from all the other shareholders of RAK Power Pvt. Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Power (Pvt.) Ltd on 20 October 2015

RAK Security and Services Pvt. Limited

RAK Security and Services Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 21 December 2006 as a private company limited by shares with an authorized capital of Taka 1,00,000,000 divided into 1,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 1,000,000 as at 30 June 2016. The Company has gone into operation from 1 May 2007. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, Dhaka- 1230. 35% shares of RAK Security and Services (Pvt.) Ltd is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Security & Services (Pvt.) Ltd. from 35% to 100% through purchase of 6,500 number of ordinary shares of BDT 100 each in consideration of BDT 2,875 per share totaling to BDT 18,687,500 only from all the other shareholders of RAK Security & Services (Pvt.) Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Security and Services (Pvt.) Ltd on 20 October 2015.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), the Companies Act 1994 and the Securities and Exchange Rules 1987.

The title and format of these financial statements follow the requirements of BFRS which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management BFRS titles and format give better presentation to the shareholders.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 27 July 2016.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

Note 4	Property, plant & equipment
Note 15	Deferred tax liability
Note 16	Employees benefit payable
Note 20	Provision for income tax

2.5 Reporting period

The financial period of the Company covers six 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.

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

Subsidiaries

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

Loss of control

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

Investments in associates

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

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

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

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

Transactions eliminated on consolidation

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

3.2 Financial instruments

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

3.2.1 Non-derivative financial assets

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

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

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

Financial assets at fair value through profit or loss

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

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

Held-to-maturity financial assets

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

Available-for-sale financial assets

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

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

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

Loans and receivables

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

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

a) Investment in associates

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

b) Loans to associates

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

c) Trade & other receivables

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

d) Cash and cash equivalents

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

3.2.2 Non-derivative financial liabilities

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

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

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

a) Trade & other payables

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

b) Borrowings

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

3.3 Share capital

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

3.4 Property, plant and equipment

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

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

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

3.4.1 Depreciation on property, plant and equipment

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

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

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

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

3.5 Capital work-in-progress

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

3.6 Intangible assets

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

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

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

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

3.7 Leased assets

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

Lease payments

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

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

3.8 Inventories

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

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

3.9 Impairment

Non-derivative financial assets

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

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.10 Employee benefit schemes

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

Defined contribution plan (provident fund)

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

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

Defined benefit plan

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

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

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

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

3.12 Provisions

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

3.13 Revenue recognition

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

3.14 Finance income and expenses

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

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

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

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

3.15 Foreign currency

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

3.16 Taxation

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

Current tax:

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

Deferred tax:

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

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

3.17 Earning per share

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

3.18 Determination and presentation of operating segment

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

3.19 Contingencies

Contingent liability

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

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

Contingent asset

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

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

3.20 Statement of cash flows

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

3.21 Events after the reporting period

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

3.22 Comparatives and reclassification

Comparative information have been disclosed in respect of 2015 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, Plant and Equipment

30 June 2016

Particulars	C O S T				D E P R E C I A T I O N				Net book value at 30 June 2016			
	Balance at 01 Jan 2016	Additions	Sale/ disposal	Transfer to held for sale	Total at 30 June 2016	Rate (%)	Up to 01 Jan 2016	Addition due to acquisition		Charged for the period	Adjustment	Transfer to held for sale
Land	790,157,357	-	-	-	790,157,357	-	-	-	-	-	-	790,157,357
Factory building	486,550,770	340,083,090	-	-	826,633,860	2.5-5	254,767,601	-	13,343,156	-	-	268,110,757
Office building	199,973,534	1,473,638,014	-	-	1,999,733,534	2.5-5	81,674,994	-	4,974,095	-	-	86,649,089
Plant and machinery	3,525,500,749	13,271,925	-	-	4,999,138,763	5-10	2,544,072,048	-	116,508,765	-	-	2,660,580,813
Mobile plant	103,009,939	32,281,860	-	-	116,281,914	10	74,859,697	-	3,711,998	-	-	78,571,695
Electrical installation	183,272,165	10,438,894	-	-	215,554,024	10-20	157,552,492	-	4,820,719	-	-	37,710,219
Gas pipeline	48,136,891	1,127,270	-	-	58,575,780	10-20	43,155,571	-	645,102	-	-	53,180,814
Furniture and fixtures	30,958,310	2,240,201	-	-	32,085,580	10	21,298,483	-	1,390,054	-	-	22,688,517
Office equipment	95,374,111	436,977	-	-	97,621,112	10-20	19,990,457	-	8,625,393	-	-	28,615,850
Communication equipment	10,133,036	-	-	-	10,133,036	10-20	5,748,154	-	584,281	-	-	6,900,462
Tools and appliances	8,739,426	3,062,213	-	-	11,801,639	10-20	5,748,154	-	361,836	-	-	4,733,327
Vehicles	70,061,529	-	(141,919)	-	69,919,610	10-20	33,009,675	-	3,158,810	(7,070)	-	6,109,990
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	-	-	-	-	-	3,631,012
Total at 30 June 2015	5,555,499,829	1,876,386,494	(141,919)	-	7,431,944,404	-	3,243,909,230	-	153,124,189	(7,070)	-	3,402,026,349

31 Dec 2015

Particulars	C O S T				D E P R E C I A T I O N				Net book value at 31 Dec 2015			
	Balance at 01 Jan 2015	Additions	Sale/ disposal	Transfer to held for sale	Total at 31 Dec 2015	Rate (%)	Up to 01 Jan 2015	Addition due to acquisition		Charged for the year	Adjustment	Transfer to held for sale
Land	763,396,641	19,164,250	-	-	790,157,357	-	-	-	-	-	-	790,157,357
Factory building	462,080,577	24,500,193	-	-	486,580,770	2.5-5	232,033,103	-	22,734,498	-	-	254,767,601
Factory office building	85,568,695	12,757,294	-	-	96,325,989	2.5-20	33,969,010	-	4,184,242	-	-	38,153,252
Head office building	105,647,545	-	-	-	105,647,545	2.5-5	38,339,365	-	5,182,377	-	-	43,521,742
Plant and machinery	3,141,538,261	383,962,488	-	-	3,525,500,749	5-10	2,380,570,993	-	193,501,155	-	-	2,544,072,048
Mobile plant	92,979,617	10,030,322	-	-	103,009,939	10	67,808,822	-	6,990,875	-	-	74,859,697
Electrical installation	176,368,708	6,905,457	-	-	183,272,165	10-20	148,510,240	-	9,042,252	-	-	28,150,242
Gas pipeline	43,985,379	4,151,512	(59,587)	-	48,136,891	10-20	42,107,920	-	1,047,651	(28,585)	-	43,155,571
Furniture and fixtures	27,395,225	3,097,824	(59,587)	-	30,958,310	10	18,467,403	-	2,656,588	(28,585)	-	21,298,483
Office equipment	23,353,785	71,079,726	(268,780)	-	94,375,111	10-20	16,404,913	-	3,208,712	(420,876)	-	19,990,457
Communication equipment	7,373,553	2,739,503	-	-	10,133,036	10-20	3,426,449	-	109,996	(10,072)	-	4,149,046
Tools and appliances	62,904,576	1,007,692	(16,350)	-	63,995,918	10-20	5,015,836	-	632,394	-	-	5,748,154
Vehicles	76,111,979	4,767,228	-	-	80,879,207	10-20	25,724,318	-	995,125	-	-	33,009,675
Fire fighting equipments	3,631,012	-	-	-	3,631,012	20	-	-	6,288,232	-	-	3,631,012
Total at 31 December 2015	4,999,805,533	544,181,489	(344,717)	-	5,555,499,829	-	2,986,071,284	-	1,911,906	(265,533)	-	3,243,909,230

4(a) RAK Security and Services P.V.C. Ltd. (Acquisition Company)

Particulars	C O S T				D E P R E C I A T I O N				Net book value at 31 Dec 2015			
	Balance at 20 Oct 2015	Additions	Sale/ disposal	Transfer to held for sale	Total at 31 Dec 2015	Rate (%)	Up to 01 Jan 2015	Addition due to acquisition		Charged for the period	Adjustment	Transfer to held for sale
Land	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	7,596,466	-	(59,587)	-	7,596,466	10	-	-	8,270	(28,583)	-	7,596,466
Office equipment	524,848	-	(268,780)	-	256,068	10	-	-	603,708	(11,216)	-	282,499
Tools and appliances	1,210,380	-	(16,350)	-	1,194,030	20	-	-	109,996	1,312	-	388,048
Vehicles	2,589,725	-	-	-	2,589,725	20	-	-	995,125	(10,072)	-	1,059,007
Total at 31 December 2015	11,857,524	-	(344,717)	-	11,512,807	-	-	-	1,911,906	(265,533)	-	1,731,053

	<u>30 June 2016</u>	<u>30 June 2015</u>
	<u>Taka</u>	<u>Taka</u>
4.1 Depreciation charged on the basis of the purpose of use		
Cost of goods manufactured (Note 22)	139,389,840	112,509,790
Administrative expenses (Note 24)	18,734,349	10,652,738
	<u>158,124,189</u>	<u>123,162,528</u>

4.2 Disposal of property, plant and equipment

30 June 2016

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

31 Dec 2015

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

5 Equity-accounted investees

Share of net profit/(loss) :	Ownership	Reprising date	Nature of investment	Income	Expenses	Tax expenses	Profit or (loss)	Share of profit/(loss)
30 June 2015								
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 Mosfly (Bangladesh) Pvt. Ltd.	20%	30 June 2015	Associate	87,089,723	91,561,460	-	(4,471,737)	(337,865)
								<u>(11,162,961)</u>

	30 June 2016 Taka	31 Dec 2015 Taka
6 Intangible assets		
Balance as at 1 January	6,683,955	4,815,453
Add: Addition during the period	12,346,418	5,673,511
	19,030,373	10,488,964
Less: Amortisation during the period (Note-6.1)	5,848,425	3,805,009
Balance as at 30 June	<u>13,181,948</u>	<u>6,683,955</u>
6.1 Amortisation charged on the basis of the purpose of use		
Administrative expenses (Note - 24)	<u>5,848,425</u>	<u>1,289,989</u>
	<u>5,848,425</u>	<u>1,289,989</u>
7 Capital Work-in-Progress		
Balance as at 1 January	1,545,379,710	289,116,566
Add: Addition during the period	21,670,054	1,767,883,626
	1,567,049,764	2,057,000,192
Less: Transfer to property, plant & equipment during the period (note 7.1)	1,515,546,763	506,960,135
Impairment loss on capital equipment during the period	8,155,607	4,660,347
Balance as at 30 June	<u>43,347,394</u>	<u>1,545,379,710</u>
7.1 Items transferred from capital work in progress to property, plant & equipment		
Factory building	226,928,852	24,500,193
Factory office building	-	12,757,294
Plant & machinery	1,287,519,884	384,578,817
Mobile plant	-	10,030,322
Electrical installation	-	5,003,457
Gas pipe line	-	3,321,512
Furniture & fixture	-	495,965
Communication equipment	-	1,316,503
Office equipment	-	64,956,072
Others	1,098,027	-
	<u>1,515,546,763</u>	<u>506,960,135</u>
8 Loan to disposed subsidiary		
RAK Pharmaceuticals Pvt. Ltd.	<u>201,898,000</u>	<u>201,898,000</u>
	<u>201,898,000</u>	<u>201,898,000</u>
9 Inventories		
Raw materials	<u>803,321,397</u>	<u>852,533,747</u>
Less : Provision for obsolescence made during the period	<u>(6,939,403)</u>	<u>(4,665,753)</u>
	796,381,994	847,867,994
Stores and consumables spares	1,129,386,562	957,748,655
Finished goods	231,623,432	216,781,132
Work-in-process	58,077,648	37,268,593
Goods-in-transit	230,189,595	180,177,856
	<u>2,445,659,231</u>	<u>2,239,844,230</u>

	30 June 2016	31 Dec 2015
	Taka	Taka
10 Trade and other receivables		
Non current :		
Receivable against disposal of investment	111,037,500	148,050,000
Current :		
Trade receivables (Note 10.1)	494,862,715	553,947,412
	<u>494,862,715</u>	<u>553,947,412</u>
Accrued interest (Note 10.2)	394,233	3,659,847
Receivable against disposal of investment	74,437,614	80,780,114
	<u>569,694,562</u>	<u>638,387,373</u>
10.1 Trade receivables		
Receivables from local sales	489,224,770	553,303,108
Receivables from export sales	5,637,945	644,304
	<u>494,862,715</u>	<u>553,947,412</u>
10.2 Accrued interest		
Interest accrued on FDR	394,233	3,659,847
	<u>394,233</u>	<u>3,659,847</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	78,509	18,726
Land advance & others	29,623,142	28,421,141
Suppliers against material & services	271,838,783	159,240,033
	<u>301,540,434</u>	<u>187,679,900</u>
Security and other deposits:		
Titas gas	20,215,520	20,215,520
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and supplementary duty (note 11.1)	38,203,709	58,015,290
Deposit with income tax authority	9,705,739	9,705,739
Deposit with VAT authority	7,530,001	7,530,001
Other deposits	1,491,853	1,491,853
	<u>79,101,822</u>	<u>98,913,403</u>
Prepayments:		
House rent	9,937,336	10,715,974
Insurance	54,017,395	42,609,058
Others	165,101	240,057
	<u>64,119,832</u>	<u>53,565,089</u>
	<u>444,762,088</u>	<u>340,158,392</u>

	<u>30 June 2016</u>	<u>31 Dec 2015</u>
	Taka	Taka
11.1 Supplementary duty & VAT		
Balance as at 1 January	58,015,290	41,050,431
Add: Treasury deposit for SD & VAT purpose	513,400,000	987,440,000
Rebate of input VAT	127,045,830	298,183,784
	<u>698,461,120</u>	<u>1,326,674,215</u>
Add: Receivable - SD & VAT	-	657,660
	698,461,120	1,327,331,875
Less: SD & VAT on sales	660,239,211	1,268,899,645
Payable- SD & VAT	18,199	416,940
	<u>660,257,410</u>	<u>1,269,316,585</u>
Balance as at 30 June	<u>38,203,709</u>	<u>58,015,290</u>
12 Advance Income Tax		
Balance as at 1 January	2,219,806,786	2,013,796,131
Add: Paid during the period	102,092,913	191,578,493
Add: Addition due to acquisition of RAK Security	-	14,432,162
Balance as at 30 June (notes 12.1)	<u>2,321,899,699</u>	<u>2,219,806,786</u>
12.1 Payment for the year		
<u>Income year</u>		
Current period	78,165,923	
Year 2015	174,777,726	150,935,063
Year 2014	295,379,428	295,379,428
Year 2013	392,118,319	392,118,319
Year 2012	336,319,884	336,319,884
Year 2011	328,082,711	327,998,384
Year 2010	265,684,491	265,684,491
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u>2,321,899,699</u>	<u>2,219,806,786</u>

	30 June 2016	31 Dec 2015
	Taka	Taka
13 Cash and cash equivalents		
Cash in hand	5,094,758	1,877,620
Cash at banks		
HSBC (current account -001-013432-011,001-107580-011,001-096015-011, 001-096007-011 - BDT)	22,416,360	41,911,217
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	32,836,686	62,681,974
Citibank N.A. (current account - G0100001200262018 - BDT)	7,275,280	11,566,925
Dutch Bangla Bank Ltd. (current account - 117-110-12733,117-110-2481, 117.110.23474 - BDT)	8,358,366	18,647,617
HSBC (ERQ account - 001-013432-047 - USD)	2,821,248	4,595,333
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	266,309	267,806
EXIM Bank (SND account - 01513100031877 - BDT)	113,683	113,239
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	401,148	400,958
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	37,972,012	133,216,271
BRAC Bank (SND - 1513101731248001 - BDT)	355,232	354,466
Prime Bank Ltd. (SND - 12531010022563 - BDT)	9,249,784	14,168,711
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	23,125	-
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	21,587,317	7,792,797
	<u>143,676,550</u>	<u>295,717,314</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,453,361	389,032
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,941,472	3,941,472
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,608
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,594	126,593
	<u>6,675,035</u>	<u>4,610,705</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,628,676	2,636,151
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,328,839	2,326,783
SCB (Current - 02-6162940-02- BDT) - 2012	3,889,325	3,893,227
SCB (Current - 02-6162940-03- BDT) - 2013	16,686,470	16,679,336
SCB (Current - 02-6162940-04- BDT) - 2014	5,110,051	5,685,749
SCB (Current - 02-6162940-05- BDT) - 2015	6,979,918	-
	<u>37,623,279</u>	<u>31,221,246</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	34,174,551	30,652,345
SCB	762,080	762,080
Prime Bank Ltd.	393,709	155,000,000
Dutch Bangla Bank Ltd.	-	581,725,210
	<u>35,330,340</u>	<u>768,139,635</u>
Total	<u>228,399,963</u>	<u>1,101,566,520</u>

14 Share Capital

	<u>30 June 2016</u>	<u>31 Dec 2015</u>
	<u>Taka</u>	<u>Taka</u>
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>

Percentage of shareholdings :

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

Classification of shareholders by holding

<u>Shareholder's range</u>	<u>Number of shareholders</u>		<u>Number of shares</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Less than 500 shares	28,912	32,023	6,054,184	6,687,947
501 to 5,000 shares	7,523	8,478	10,236,067	11,550,626
5001 to 10,000 shares	532	623	3,919,878	4,591,318
10,001 to 20,000 shares	308	302	4,446,581	4,371,383
20,001 to 30,000 shares	101	110	2,507,086	2,717,968
30,001 to 40,000 shares	44	47	1,566,719	1,695,813
40,001 to 50,000 shares	30	31	1,395,085	1,400,209
50,001 to 100,000 shares	65	77	4,588,056	5,437,755
100,001 to 1,000,000 shares	69	76	20,876,967	21,716,461
Over 1,000,000 shares	11	8	281,259,988	276,681,131
	<u>37,595</u>	<u>41,775</u>	<u>336,850,611</u>	<u>336,850,611</u>

	30 June 2016	31 Dec 2015
	Taka	Taka
15 Deferred tax liabilities		
Balance as at 1 January	75,811,194	78,418,185
Less : Deferred tax (income)/expenses	30,901,898	(2,606,991)
Balance as at 30 June	<u>106,713,092</u>	<u>75,811,194</u>

16 Employees benefits payable

Providend fund	5,002,255	3,292,467
Gratuity fund	16,626,660	22,931,668
	<u>21,628,915</u>	<u>26,224,135</u>

	2016		
	Providend fund	Gratuity fund	Total
	Taka	Taka	Taka
Balance as at 1 January	3,292,467	22,931,668	26,224,135
Add: Provision made during the period	<u>23,028,440</u>	<u>16,599,666</u>	<u>39,628,106</u>
	26,320,907	39,531,334	65,852,241
Less: Payments made to fund during the period	<u>21,318,652</u>	<u>22,904,674</u>	<u>44,223,326</u>
Balance as at 30 June	<u>5,002,255</u>	<u>16,626,660</u>	<u>21,628,915</u>

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

17 Borrowings

Non-current:		
Term loan	976,751,287	497,742,616
Current portion of term loan	<u>(251,563,496)</u>	<u>(77,117,814)</u>
	<u>725,187,791</u>	<u>420,624,802</u>
Current:		
Short-term borrowings	214,821,243	694,001,555
Current portion of term loan	<u>251,563,496</u>	<u>77,117,814</u>
	<u>466,384,739</u>	<u>771,119,369</u>
Balance as at 30 June	<u>1,191,572,530</u>	<u>1,191,744,171</u>

17.1 Borrowings by maturity

At 30 June 2016	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term borrowings	214,821,243	-	-	-	214,821,243
Term loan	<u>251,563,496</u>	<u>259,129,724</u>	<u>466,058,067</u>	-	<u>976,751,287</u>
	<u>466,384,739</u>	<u>259,129,724</u>	<u>466,058,067</u>	-	<u>1,191,572,530</u>
At 31 December 2015	< 1 year	1-2 years	2-5 years	> 5 years	Total
Short-term borrowings	694,001,555	-	-	-	694,001,555
Term loan	<u>77,117,814</u>	<u>124,789,765</u>	<u>295,835,037</u>	-	<u>497,742,616</u>
	<u>771,119,369</u>	<u>124,789,765</u>	<u>295,835,037</u>	-	<u>1,191,744,171</u>

	<u>30 June 2016</u>	<u>31 Dec 2015</u>
	Taka	Taka
18 Trade and other payables		
Trade payables		
Payable to local suppliers	122,970,972	146,223,649
Payable to foreign suppliers	189,607,252	329,901,031
Payable to service provider	102,273,456	44,247,355
Payable to C & F agent	3,065,674	18,636,933
	<u>417,917,354</u>	<u>539,008,968</u>
Other payables		
Tax deducted at source	490,426	18,862,935
VAT deducted at source	410,744	9,109,375
Dividend Payable	36,926,808	30,538,272
Unclaimed share application	20,838,116	18,773,636
Advance from customer against sales	1,186,725	22,393,794
Security deposit	1,645,743	1,939,219
GR/IR payable accounts	124,422,271	-
	<u>185,920,833</u>	<u>101,617,231</u>
	<u>603,838,187</u>	<u>640,626,199</u>
19 Accrued expenses		
Power and gas	20,778,321	23,895,998
Staff cost	19,427,297	69,173,773
Audit fees	823,000	846,000
Professional charges	312,125	338,000
Interest on loans	1,495,042	4,035,081
Telephone	295,939	146,882
Provision of exchange rate difference	3,281,067	-
Provision for freight	7,693,014	-
Managing Director's remuneration (Note 19.1)	20,083,197	34,075,485
Worker's profit participation and welfare fund (Note 19.2)	29,978,377	54,064,400
Royalty and technical know-how fees (Note 19.3)	42,293,363	2,399,388
Others	12,555,634	7,643,278
	<u>159,016,376</u>	<u>196,618,285</u>
19.1 Managing Director's remuneration		
Balance as at 1 January	34,075,485	30,682,702
Add: Provision made during the period	20,083,197	34,075,485
Less: Adjustment for prior period	-	(16,850,928)
	<u>54,158,682</u>	<u>47,907,259</u>
Less: Paid to Managing Director	34,075,485	13,831,774
Balance as at 30 June	<u>20,083,197</u>	<u>34,075,485</u>
19.2 Worker's profit participation and welfare fund		
Balance as at 1 January	54,064,400	48,623,250
Add: Contribution made to the fund during the period	29,978,377	54,064,400
Less: Adjustment for prior period	-	(26,758,639)
	<u>84,042,777</u>	<u>75,929,011</u>
Less: Payment made from the fund during the period	54,064,400	21,864,611
Balance as at 30 June	<u>29,978,377</u>	<u>54,064,400</u>

	<u>30 June 2016</u>	<u>31 Dec 2015</u>
	Taka	Taka
19.3 Provision for royalty and technical know-how fees		
Balance as at 1 January	2,399,388	38,352,170
Add: Provision made during the period	47,393,975	80,414,124
Add: Adjustment for prior period	-	233,797
	<u>49,793,363</u>	<u>119,000,091</u>
Less: Payment made during the period	-	36,683,680
Less: Tax provision on disallowance of royalty paid for the year 2009	7,500,000	25,000,000
Less: Tax provision on disallowance of royalty paid for the year 2010	-	36,160,532
Less: Tax provision for delay payment of vat on royalty for the year 2010	-	18,756,491
Balance as at 30 June	<u><u>42,293,363</u></u>	<u><u>2,399,388</u></u>

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

20 Provision for income Tax

Balance as at 1 January	2,583,742,941	2,182,344,567
Add: Provision made for the period	143,199,027	319,661,270
Add: Provision made for earlier period	-	54,917,023
Add: Adjustment for prior period	-	11,928,337
Add: Addition due to acquisition of RAK Security	-	14,891,744
Balance as at 30 June (Note 20.1)	<u><u>2,726,941,968</u></u>	<u><u>2,583,742,941</u></u>

20.1 Provision for income Tax

Income year

Current period	143,199,027	
Year 2015	323,397,728	323,397,728
Year 2014	381,571,248	381,571,248
Year 2013	364,979,858	364,979,858
Year 2012	341,267,796	341,267,796
Year 2011	328,376,284	328,376,284
Year 2010	350,044,556	350,044,556
Year 2009	266,823,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	<u><u>2,726,941,968</u></u>	<u><u>2,583,742,941</u></u>

	<u>Jan to June 16</u>	<u>Jan to June 15</u>	<u>April to June 16</u>	<u>April to June 15</u>
	Taka	Taka	Taka	Taka
21 Sales				
Gross sales (Local)	3,350,745,713	3,126,175,593	1,703,584,144	1,607,006,728
Gross sales (Export)	10,431,924	23,020,876	9,660,486	11,217,196
Total Sales	<u>3,361,177,637</u>	<u>3,149,196,469</u>	<u>1,713,244,630</u>	<u>1,618,223,924</u>
Less: Supplementary Duty	230,362,985	222,189,174	114,149,658	113,615,401
VAT	440,957,095	405,144,602	220,419,611	209,151,510
Net sales	<u>2,689,857,557</u>	<u>2,521,862,693</u>	<u>1,378,675,361</u>	<u>1,295,457,013</u>
22 Cost of sales				
Materials consumed:				
Opening stock as at 1 January	847,867,994	699,653,297	922,481,011	735,240,990
Add: Purchase during the period	<u>701,188,357</u>	<u>775,781,891</u>	<u>249,144,397</u>	<u>367,549,118</u>
	1,549,056,351	1,475,435,188	1,171,625,408	1,102,790,108
Less: Closing stock as at 30 June	<u>796,381,994</u>	<u>695,511,689</u>	<u>796,381,994</u>	<u>695,511,689</u>
	752,674,357	779,923,499	375,243,414	407,278,419
Manufacturing overhead:				
Direct labour (Note 22.1.1)	214,075,471	156,565,993	133,267,466	87,767,689
Direct expenses:				
Power and gas	61,350,639	79,244,271	31,412,056	38,072,569
Repairs and indirect materials (Note 22.1.2)	311,102,434	286,402,859	160,951,804	147,395,307
Rental charges	410,870	410,870	205,435	205,435
Moulds and punches	7,204,841	15,128,935	4,157,162	7,468,134
Depreciation	139,389,840	112,509,790	75,704,006	59,928,726
Royalty and technical know-how/assistance fees (22.1.3)	39,893,975	1,012,226	21,724,832	(848,308)
Other production overhead (Note 22.1.4)	33,826,341	16,418,153	22,474,738	9,231,145
Movement in stock	<u>14,372,014</u>	<u>(21,849,149)</u>	<u>3,435,743</u>	<u>(28,086,216)</u>
	<u>1,574,300,782</u>	<u>1,425,767,447</u>	<u>828,576,656</u>	<u>728,412,900</u>

	Jan to June 16	Jan to June 15	April to June 16	April to June 15
	Taka	Taka	Taka	Taka
22.1.1 Direct Labour				
Salary & Wages	118,753,534	92,513,203	82,662,198	50,302,275
Overtime	17,552,319	8,909,290	10,155,748	5,671,579
Bonus	17,395,795	14,653,991	9,250,778	8,658,332
Incentive	342,678	3,067,923	214,359	2,916,718
Temporary Labour Wages	40,387,012	24,590,700	19,368,163	13,438,144
Gratuity	11,682,996	6,616,864	7,370,493	3,432,691
Employer's Contribution to provident fund	7,633,086	5,522,516	4,078,017	3,011,529
Group Life Insurance	328,051	691,506	167,709	336,421
	<u>214,075,471</u>	<u>156,565,993</u>	<u>133,267,466</u>	<u>87,767,689</u>
22.1.2 Repairs and indirect materials				
Stores, Spares, repair & Maintenance	167,130,933	160,753,369	88,467,484	82,845,945
Packing expenses	143,971,501	125,649,490	72,484,320	64,549,362
	<u>311,102,434</u>	<u>286,402,859</u>	<u>160,951,804</u>	<u>147,395,307</u>
22.1.3 Royalty and technical know-how/assistance fees				
Royalty and technical know-how/assistance fees	47,393,975	43,406,822	25,474,832	22,965,888
Add : Adjustment for prior period	-	233,797	-	-
Less : Tax provision on disallowance of royalty paid for the year 2009	7,500,000	15,000,000	3,750,000	10,000,000
Less : Tax provision on disallowance of royalty paid for 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	-	4,689,123
	<u>39,893,975</u>	<u>1,012,226</u>	<u>21,724,832</u>	<u>(848,308)</u>
22.1.4 Other production overhead				
Hotel fare and expenses for technician	5,422,870	1,753,452	1,806,447	828,947
Demurrage	817,734	2,340,491	738,077	1,609,799
Insurance	7,860,679	7,360,435	4,101,891	3,690,141
Hiring charges	1,011,651	-	992,786	-
Impairment loss on capital equipment	8,155,607	1,747,630	6,990,520	1,165,087
Provision for obsolescence	6,939,403	1,890,622	5,825,396	1,245,455
Other expenses	3,618,397	1,325,523	2,019,621	691,716
	<u>33,826,341</u>	<u>16,418,153</u>	<u>22,474,738</u>	<u>9,231,145</u>
23 Other income				
Dividend income	250	350,000	250	350,000
Rental income	1,200,000	1,200,000	600,000	600,000
Gain on disposal of investment against subsidiary	-	600,568,643	-	-
Gain on disposal of investment against associates	-	20,234,417	-	-
	<u>1,200,250</u>	<u>622,353,060</u>	<u>600,250</u>	<u>950,000</u>
24 Administrative Expenses				
Staff cost (note-24.1)	74,265,439	60,672,454	38,474,412	32,278,507
Annual General Meeting expenses	13,786,408	22,212,544	12,778,164	20,422,605
Telephone and postage	3,414,700	3,229,852	1,489,755	1,741,648
Office repair and maintenance (note 24.2)	3,259,950	4,639,433	1,917,580	2,341,927
Registration and renewal	714,219	358,313	501,757	189,172
Security and guard expenses	5,726,250	5,816,856	2,768,048	2,799,061
Electricity, gas and water	2,945,588	2,669,478	1,651,918	1,887,946
Depreciation	18,734,349	10,652,738	11,965,901	5,448,436
Amortisation	5,848,425	1,289,989	3,244,493	811,347
Legal and professional fees	5,895,876	3,091,698	3,790,063	2,001,884
Vehicle repair and maintenance	6,114,080	4,434,799	2,668,204	2,322,078
Rent, rate and tax	3,690,547	5,916,128	1,121,903	5,368,453
Loss on sale of property, plant and equipment	5,349	-	-	-
Bad debts	375,096	-	375,096	-
Write off of loan and interest to subsidiary :				
Current period	-	10,100,916	-	-
Prior period	-	578,548,552	-	-
CSR expenses	2,567,270	1,174,124	977,270	1,126,624
Managing Director's remuneration (note-24.3)	20,083,197	9,968,177	10,794,960	5,519,063
Technical consultancy & others	4,280,143	2,404,012	379,304	939,752
	<u>171,706,886</u>	<u>727,180,063</u>	<u>94,898,829</u>	<u>85,198,503</u>

	Jan to June 16	Jan to June 15	April to June 16	April to June 15
	Taka	Taka	Taka	Taka
24.1 Staff cost				
Salary & Wages	50,907,629	41,875,564	26,908,421	22,440,945
Bonus	7,776,259	6,097,038	4,151,688	3,500,707
Incentive	1,275,833	1,719,841	871,640	1,320,857
Gratuity	4,014,277	2,721,755	2,325,404	1,405,525
Employer's Contribution to provident fund	2,853,353	2,322,230	1,478,038	1,250,732
Group Life Insurance	152,379	291,772	74,823	139,001
Canteen and conveyance expenses	3,872,359	645,497	1,443,348	265,105
Staff uniform expenses	455,707	244,389	288,262	58,005
Travelling expenses	1,830,840	3,005,350	757,519	1,094,372
Food expenses	243,405	1,184,771	81,249	591,869
Medical expenses	621,942	224,704	323,188	140,600
Accommodation expenses	-	79,520	-	30,406
Other employee benefit	247,501	-	(236,363)	-
Travelling & conveyance	13,955	260,023	7,195	40,383
	<u>74,265,439</u>	<u>60,672,454</u>	<u>38,474,412</u>	<u>32,278,507</u>
24.2 Office repair & maintenance				
Repairs office equipment	875,329	340,955	440,792	227,784
Office maintenance	2,384,621	4,298,478	1,476,788	2,114,143
	<u>3,259,950</u>	<u>4,639,433</u>	<u>1,917,580</u>	<u>2,341,927</u>
24.3 Managing Director's remuneration				
Provision made during the period	20,083,197	18,393,641	10,794,960	9,731,795
Less : Adjustment for prior period	-	(8,425,464)	-	(4,212,732)
	<u>20,083,197</u>	<u>9,968,177</u>	<u>10,794,960</u>	<u>5,519,063</u>
Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.				
25 Marketing & Selling Expenses				
Staff cost (note-25.1)	14,144,929	17,776,382	7,711,605	9,454,568
Advertisement	1,841,131	6,127,955	1,525,721	4,065,898
Freight and transportation	104,373,571	131,419,720	54,035,935	58,375,143
Performance rebates (note-25.2)	123,149,635	111,963,406	58,585,045	50,931,967
Business promotion	9,836,686	15,000,944	4,132,211	5,542,899
Discount	70,503,442	69,167,192	41,949,120	35,691,318
Travel, entertainment and others	11,176,090	14,766,205	6,123,814	7,158,372
	<u>335,025,484</u>	<u>366,221,804</u>	<u>174,063,450</u>	<u>171,220,165</u>
25.1 Staff cost				
Salary & Wages	10,237,711	12,420,216	5,637,555	7,019,858
Bonus	1,299,677	1,740,285	702,938	1,115,784
Incentive	566,750	1,776,225	66,750	341,588
Gratuity	773,302	872,640	429,946	455,239
Employer's Contribution to provident fund	618,877	748,872	340,859	414,951
Group Life Insurance	139,835	87,598	69,132	42,403
Conveyance & food expenses	508,777	130,546	464,425	64,745
	<u>14,144,929</u>	<u>17,776,382</u>	<u>7,711,605</u>	<u>9,454,568</u>
25.2 Performance rebates				
Compensation	2,190,002	12,650,278	612,474	754,420
Dealers' commission	46,785,449	46,677,610	23,869,780	22,818,909
Breakage commission	74,174,184	52,635,518	34,102,791	27,358,638
	<u>123,149,635</u>	<u>111,963,406</u>	<u>58,585,045</u>	<u>50,931,967</u>

	<u>Jan to June 16</u>	<u>Jan to June 15</u>	<u>April to June 16</u>	<u>April to June 15</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
26 Finance income				
Interest on bank account (SND)	2,578,242	2,796,833	1,583,133	1,780,382
Interest on loan to associate	-	12,391,112	-	1,039,357
Interest on FDR	11,679,233	34,464,852	778,055	14,374,810
Exchange gain	1,874,193	10,457,570	1,398,340	(19,692,219)
	<u>16,131,668</u>	<u>60,110,367</u>	<u>3,759,528</u>	<u>(2,497,670)</u>
27 Financial expenses				
Interest expenses	17,334,410	5,188,090	11,307,794	3,722,371
Bank charges	1,126,851	964,624	571,577	794,802
	<u>18,461,261</u>	<u>6,152,714</u>	<u>11,879,371</u>	<u>4,517,173</u>
28 Contribution to Worker's Profit Participation and welfare Fund				
Provision made during the period	29,978,377	29,159,187	16,100,341	15,487,689
Less : Adjustment for prior period	-	(13,379,320)	-	(6,689,660)
	<u>29,978,377</u>	<u>15,779,867</u>	<u>16,100,341</u>	<u>8,798,029</u>
29 Current tax				
Current period	143,199,027	180,604,055	54,196,122	82,595,343
Other tax provision	-	27,628,393	-	13,814,197
Adjustment for prior period	-	11,928,337	-	-
	<u>143,199,027</u>	<u>220,160,785</u>	<u>54,196,122</u>	<u>96,409,540</u>

30 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

30.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD		Amounts in Taka	
	As at 30 June 2016	As at 31 Dec 2015	As at 30 June 2016	As at 31 Dec 2015
Trade receivables				
Customer-Local	-	-	489,224,770	553,303,108
Customer-Export	72,467	8,260	5,637,945	644,304
	<u>72,467</u>	<u>8,260</u>	<u>494,862,715</u>	<u>553,947,412</u>
Other receivables				
Accrued Interest			394,233	3,659,847
Receivable against disposal of investment			185,475,114	228,830,114
			<u>185,869,347</u>	<u>232,489,961</u>
Loan to disposed subsidiary				
RAK Pharmaceuticals Pvt. Ltd.			201,898,000	201,898,000
			<u>201,898,000</u>	<u>201,898,000</u>
Cash equivalents			223,305,205	1,099,688,900

b) Ageing of receivables

The ageing of trade receivables as at 30 June was:

	Amounts in Taka	
	As at 30 June 2016	As at 31 Dec 2015
Not past due		
0-90 days past due	466,995,619	545,496,820
91-180 days past due	20,520,525	2,692,474
181-365 days past due	7,346,571	5,758,118
	<u>494,862,715</u>	<u>553,947,412</u>

30.2 Liquidity risk

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

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

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

	As at 30 June 2016			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	603,838,187	603,838,187	603,838,187	-
Short term borrowing (foreign)	214,821,243	214,821,243	214,821,243	-
Term loan (foreign)	976,751,287	976,751,287	251,563,496	725,187,791
	<u>1,795,410,717</u>	<u>1,795,410,717</u>	<u>1,070,222,926</u>	<u>725,187,791</u>

	As at 31 December 2015			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Trade and other payables	640,626,199	640,626,199	640,626,199	-
Short term borrowing	694,001,555	694,001,555	694,001,555	-
Term loan	497,742,616	497,742,616	77,117,814	420,624,802
	<u>1,832,370,370</u>	<u>1,832,370,370</u>	<u>1,411,745,568</u>	<u>420,624,802</u>

30.3 Market risk

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

a) Currency risk

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

i) Exposure to currency risk

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

	As at 30 June 2016					As at 31 December 2015		
	AED	GBP	USD	EURO	JPY	USD	EURO	JPY
Foreign currency denominated assets								
Receivable from customers-Export	-	-	72,467	-	-	8,260	-	-
Cash at bank	-	-	39,686	-	-	62,348	-	-
	<u>-</u>	<u>-</u>	<u>112,153</u>	<u>-</u>	<u>-</u>	<u>70,608</u>	<u>-</u>	<u>-</u>

	As at 30 June 2016					As at 31 December 2015		
	AED	GBP	USD	EURO	JPY	USD	EURO	JPY
Foreign currency denominated liabilities								
Trade payables	13,916	135,880	1,492,945	667,392	-	635,721	1,240,389	-
Short term borrowings	-	-	2,467,300	217,287	-	2,148,305	5,932,170	5,145,000
Term loan	-	-	12,439,594	-	-	6,300,539	-	-
Royalty & Technical Fees	-	-	536,718	-	-	30,372	-	-
	13,916	135,880	16,936,556	884,678	-	9,114,937	7,172,559	5,145,000
Net exposure	(13,916)	(135,880)	(16,824,404)	(884,678)	-	(9,044,329)	(7,172,559)	(5,145,000)

The Company has foreign exchange gain of Tk 18,74,193 during the period ended 30 June 2016 (30 June 2015: Exchange gain Tk 10,457,570).

The following significant exchange rates have been applied:

	Exchange rate as at	
	30 June 2016	31 Dec 2015
	Taka	Taka
AED	21.2552	21.3155
GBP	104.9103	116.3353
USD	78.3000	78.5000
EURO	86.8021	85.8006
JPY	0.7616	0.6518

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the Taka, as indicated below, against the AED, GBP, USD, EURO, and JPY at 30 June would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 June 2016		As at 31 December 2015	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 June				
AED (3 percent movement)	(430)	405	-	-
GBP (3 percent movement)	(4,202)	3,958	-	-
USD (3 percent movement)	(520,342)	490,031	(279,722)	263,427
EURO (3 percent movement)	(27,361)	25,767	(221,832)	208,909
JPY (3 percent movement)	-	-	(159,124)	149,854

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as it has neither floating interest rate bearing financial liabilities nor entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Profile

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at	As at
	30 June 2016	31 December 2015
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	35,330,340	768,139,635
Cash at banks	187,974,864	331,549,267
Financial liabilities		
Term loan (Foreign)	976,751,287	497,742,616
Short term borrowing (foreign)	214,821,243	694,001,555

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

	As at 30 June 2016		As at 31 December 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	35,330,340	35,330,340	768,139,635	768,139,635
Loans and receivables				
Trade receivables	494,862,715	494,862,715	553,947,412	553,947,412
Other receivables	185,869,347	185,869,347	232,489,961	232,489,961
Loan to subsidiary and associates	201,898,000	201,898,000	201,898,000	201,898,000
Cash equivalents	223,305,205	223,305,205	1,099,688,900	1,099,688,900
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	976,751,287	976,751,287	497,742,616	497,742,616
Trade and other payables	603,838,187	603,838,187	640,626,199	640,626,199
Short term borrowing (foreign)	214,821,243	214,821,243	694,001,555	694,001,555

Interest rates used for determining amortised cost

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

	30 June 2016	31 December 2015
Investment in FDR	1.70%-5.50%	3.70%-7.00%
Term loan	Libor+3%	Libor+3%
Bank overdraft	12.00%-13.50%	12.00%-13.50%
Short term bank loan (local currency)	12.00%-13.50%	12.00%-13.50%
Short term bank loan (foreign currency/USD)	Libor+(2.75%-3.00%)	Libor+(2.75%-3.00%)

31 Related party disclosures under IAS-24
List of related parties with whom transactions have taken place and their relationship as identified and certified by management:

31.1	Name of related party	Relationship	Period	Purchase of goods/services	Sale of goods/services	Outstanding receivables	Outstanding payable	Remuneration	Loan	Interest receivables
	RAK Pharmaceuticals Pvt. Ltd	Subsidiary	Current period Previous period	- -	- -	201,898,000 -	- -	- -	- -	- -
	RAK Power Pvt. Ltd	Subsidiary	Current period Previous period	169,419,217 133,883,901	2,739,130 2,739,130	2,739,130 2,739,130	58,636,454 46,357,212	- -	- -	- -
	RAK Security & Services Pvt. Ltd	Subsidiary	Current period Previous period	45,494,032 36,032,575	- -	- -	5,070,630 7,226,159	- -	- -	- -
	RAK Paints Pvt. Ltd.	Associates	Current period Previous period	298,521 -	- -	- -	26,447 -	- -	38,970,434 -	- -
	RAK Ceramics - UAE	Parent	Current period Previous period	18,125,735 58,948,994	- -	758,325 -	6,831,713 -	- -	- -	- -
	Kea Printing & Packaging Industries	Other related party	Current period Previous period	48,896,639 44,168,812	- -	- -	14,583,010 6,891,023	- -	- -	- -
	Palli Properties Pte. Ltd	Other related party	Current period Previous period	9,243,778 5,183,702	- -	- -	1,470,102 -	- -	- -	- -
	Sky Bird Travel Agents Pvt. Ltd.	Other related party	Current period Previous period	3,669,415 2,142,387	- -	- -	16,362 262,304	- -	- -	- -
	Green Planet Communications	Other related party	Current period Previous period	2,855,073 4,703,292	- -	605,100 -	- 404,881	- -	- -	- -
	Global Business Associates Ltd.	Other related party	Current period Previous period	12,150 -	- -	- -	12,150 -	- -	- -	- -
	Mohammed Trading	Other related party	Current period Previous period	- -	1,151,736,169 865,963,433	382,968,430 425,574,447	- -	- -	- -	- -
	S.A.K. Ekramuzzaman	Key Management Personnel	Current period Previous period	- -	- -	- -	20,083,197 18,393,641	20,083,197 18,393,641	- -	- -
	Intiaz Hussain	Key Management Personnel	Current period Previous period	- -	- -	- -	- 636,000	6,185,640 4,941,000	- -	- -

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

31.3 Paid to Directors
 During the period, provision was made as MD's remuneration for Taka. 20,083,197
 During the period, Board meeting fees of Taka 275,000 was paid to the board members for attending the Board meetings.

32 Segment reporting

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

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

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

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

30 June 2016

	Business Segments				Entity total Taka
	Ceramic & sanitary ware Taka	Power Taka	Security and Services Taka	Inter segment Taka	
Revenue - external customers	2,642,391,844	20,156,772	27,308,941	-	2,689,857,557
Revenue - inter segment	-	169,419,217	46,442,007	(215,861,224)	-
Total segment revenue	2,642,391,844	189,575,989	73,750,948	(215,861,224)	2,689,857,557
Cost of sales- external customer	(1,405,947,578)	(109,657,961)	(58,695,243)	-	(1,574,300,782)
Cost of sales- inter segment	(217,652,379)	(947,975)	-	218,600,354	-
Total segment cost of sales	(1,623,599,957)	(110,605,936)	(58,695,243)	218,600,354	(1,574,300,782)
Gross profit	1,018,791,887	78,970,053	15,055,705	-	1,115,556,775
Other income					
Dividend income	103,489,500	10,000	250	(103,499,500)	250
Rental income	3,939,130	-	-	(2,739,130)	1,200,000
Financial income	14,725,095	1,381,373	25,200	-	16,131,668
Financial expenses	(18,219,931)	(236,867)	(4,463)	-	(18,461,261)
Depreciation	(148,970,361)	(8,968,632)	(185,196)	-	(158,124,189)
Other operating expenses	(374,187,778)	3,914,281	(8,313,061)	-	(378,586,558)
Segment profit before tax	599,567,544	75,070,208	6,578,435	-	577,716,685
Income tax expense	(116,988,040)	(23,908,535)	(2,302,452)	-	(143,199,027)
Deferred tax	(31,192,364)	290,466	-	-	(30,901,898)
Non -Controlling interest	-	251	0.21	-	251
Profit for the period					403,615,509

30 June 2015

Business Segments

	Ceramic & sanitary ware Taka	Pharmaceuticals Taka	Power Taka	Inter segment Taka	Entity total 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	26,206,176	-	74,639,988	-	652,061,265
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

	<u>30 June 2016</u>	<u>30 June 2015</u>
	<u>Taka</u>	<u>Taka</u>
33 Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company	<u>403,615,509</u>	<u>421,604,227</u>
No. of ordinary equity shares	<u>336,850,611</u>	<u>336,850,611</u>
Weighted average no. of equity shares outstanding (Note 33.1)	<u>336,850,611</u>	<u>336,850,611</u>
Earnings per share (EPS) for the period	<u>1.20</u>	<u>1.25</u>

33.1 Weighted average number of ordinary shares

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

	<u>30 June 2016</u>	<u>30 June 2015</u>
Outstanding shares	<u>336,850,611</u>	<u>336,850,611</u>
	<u>336,850,611</u>	<u>336,850,611</u>

33.2 Diluted earning per share

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

34 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 352,091,093 (30 June 2015: Tk 551,858,785). Considering the merits of the cases, it has not been deemed necessary to make provisions for all such disputed claims.

There is also contingent liability in respect of outstanding letters of credit of Tk 359,052,019 (30 June 2015: Tk 447,325,959) and letter of guarantee of Tk 38,625,334 (30 June 2015: Tk 38,625,334).

35 Other disclosures

35.1 Changes in policy & estimates

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