

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

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
for the period ended 31 March 2013

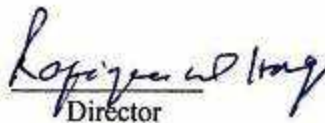
RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Financial Position
as at 31 March 2013

	<u>Notes</u>	<u>31 Mar 2013</u> <u>Taka</u>	<u>31 Dec 2012</u> <u>Taka</u>
Assets			
Property, plant and equipment	4	2,922,992,645	3,000,994,834
Equity-accounted investees	5	85,325,336	99,935,330
Intangible assets	6	111,014,939	112,670,334
Capital work-in-progress	7	38,500,888	30,955,703
Investment in shares of listed companies	8	1,792,300	2,189,065
Loan to associates	9	86,696,325	95,204,185
Total non-current assets		<u>3,246,322,433</u>	<u>3,341,949,451</u>
Inventories	10	1,745,549,475	1,777,888,718
Trade and other receivables	11	618,319,247	621,510,397
Loan to associates	12	13,303,675	4,795,815
Advance, deposit and prepayments	13	237,865,030	217,599,738
Advance income tax	14	1,349,398,287	1,303,890,755
Cash and cash equivalents	15	1,357,818,068	988,298,905
Total current assets		<u>5,322,253,782</u>	<u>4,913,984,328</u>
Total assets		<u>8,568,576,215</u>	<u>8,255,933,779</u>
Equity			
Share capital	16	2,783,889,350	2,783,889,350
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,468,454,338	1,293,599,640
Equity attributable to equity holders of the company		<u>5,725,991,667</u>	<u>5,551,136,969</u>
Non-controlling interests		<u>86,559,512</u>	<u>108,824,662</u>
Total equity		<u>5,812,551,179</u>	<u>5,659,961,631</u>
Liabilities			
Borrowings	19	26,083,002	18,567,275
Deferred tax liability	17	121,162,388	121,162,388
Total non-current liabilities		<u>147,245,390</u>	<u>139,729,663</u>
Provision for employees benefits	18	15,495,003	21,856,218
Borrowings	19	361,362,477	389,152,953
Trade and other payables	20	244,767,518	197,523,746
Provision for expenses	21	200,164,189	172,927,231
Provision for royalty and technical know-how fees	22	237,615,854	219,094,868
Provision for income tax	23	1,549,374,606	1,455,687,469
Total current liabilities		<u>2,608,779,647</u>	<u>2,456,242,485</u>
Total equity and liabilities		<u>8,568,576,215</u>	<u>8,255,933,779</u>

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



Head of Finance & Accounts



Director



Managing Director

Dhaka, Bangladesh
Dated, 11 May 2013


RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Comprehensive Income
for the period ended 31 March 2013

	Notes	31 Mar 2013 Taka	31 Mar 2012 Taka
Sales	24	1,298,558,827	1,206,415,959
Cost of sales	25	(798,388,641)	(722,123,326)
Gross profit		<u>500,170,186</u>	<u>484,292,633</u>
Other income	26	1,261,809	1,569,137
Administrative expenses	27	(68,434,122)	(69,070,655)
Marketing and selling expenses	28	(190,140,832)	(167,671,659)
		<u>(257,313,145)</u>	<u>(235,173,177)</u>
Profit from operating activities		<u>242,857,041</u>	<u>249,119,456</u>
Finance income	29	41,886,342	23,946,363
Finance cost	30	(8,976,363)	(16,984,798)
Net finance income		32,909,979	6,961,565
Share of profit/(loss) of equity-accounted investees	5	(14,609,993)	(21,346,804)
Profit before contribution to Worker's Profit Participation Fund		<u>261,157,027</u>	<u>234,734,217</u>
Contribution to Worker's Profit Participation Fund		(14,880,342)	(15,972,107)
Profit before income tax		<u>246,276,685</u>	<u>218,762,110</u>
Income tax expense			
Current tax	31	93,687,137	89,823,465
Profit for the period		<u>152,589,548</u>	<u>128,938,645</u>
Profit attributable to:			
Equity holders of the Company		174,854,698	158,245,016
Non-controlling interest		(22,265,150)	(29,306,371)
Profit after tax for the period		<u>152,589,548</u>	<u>128,938,645</u>
Basic earnings per share (Per value TK 10)	35	<u>0.63</u>	<u>0.57</u>

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



Head of Finance & Accounts


Director


Managing Director

Dhaka, Bangladesh
Dated, 11 May 2013

RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Changes in Equity
for the period ended 31 March 2013

	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 2012	2,530,808,500	1,473,647,979	1,318,178,608	5,322,635,087	173,866,834	5,496,501,921
Total comprehensive income for '31 Mar 2012						
Profit/(loss) for the period	-	-	158,245,016	158,245,016	(29,306,371)	128,938,645
Share money deposit	-	-	-	-	20,000,000	20,000,000
Transactions with the shareholders						
Cash dividend (2011)	-	-	-	-	(17,630,000)	(17,630,000)
Balance as at 31 March 2012	<u>2,530,808,500</u>	<u>1,473,647,979</u>	<u>1,476,423,624</u>	<u>5,480,880,103</u>	<u>146,930,462</u>	<u>5,627,810,565</u>
Balance as at 01 January 2013	2,783,889,350	1,473,647,979	1,293,599,640	5,551,136,969	108,824,662	5,659,961,631
Total comprehensive income for '31 Mar 2013						
Profit/(loss) for the period	-	-	174,854,698	174,854,698	(22,265,150)	152,589,548
Balance as at 31 March 2013	<u>2,783,889,350</u>	<u>1,473,647,979</u>	<u>1,468,454,338</u>	<u>5,725,991,667</u>	<u>86,559,512</u>	<u>5,812,551,179</u>

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

RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Cash Flows
for the period ended 31 March 2013

	<u>31 Mar 2013</u>	<u>31 Mar 2012</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	1,289,656,542	1,244,075,097
Cash payments to suppliers and employees	(847,291,921)	(810,372,069)
Cash generated from operating activities	<u>442,364,621</u>	<u>433,703,028</u>
Interest received from bank deposit	766	44,397
Income tax paid	(45,507,532)	(106,147,143)
Net cash from operating activities	<u>396,857,855</u>	<u>327,600,282</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(21,444,273)	(553,835,694)
Sale of property, plant and equipment	278,058	1,232,076
Investment in associate companies	-	(70,000,000)
(Investment)/disinvestment in shares	396,765	336,750
Interest received from FDR	23,782,886	38,923,662
Intangible assets	(766,068)	(1,511,662)
Adjustment related to non-controlling interest	-	2,370,000
Dividend received	-	350,000
Net cash used in investing activities	<u>2,247,368</u>	<u>(582,134,868)</u>
Cash flows from financing activities		
Finance charges	(8,976,363)	(16,984,798)
Avail/(repayment) of term loan	7,515,727	(3,253,416)
Avail/(repayment) of short-term loan	(27,790,476)	(10,245,929)
Dividend paid	(123,753)	(132,300)
Unclaimed share application refund	(211,195)	(257,740)
Net cash used in financing activities	<u>(29,586,060)</u>	<u>(30,874,183)</u>
Net increase/(decrease) in cash and cash equivalents	<u>369,519,163</u>	<u>(285,408,769)</u>
Cash and cash equivalents as at 01 January	<u>988,298,905</u>	<u>1,442,035,679</u>
Cash and cash equivalents as at 31 March	<u>1,357,818,068</u>	<u>1,156,626,910</u>

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

See

RAK Ceramics (Bangladesh) Limited

Notes to the Consolidated Financial Statements as at and for the period ended 31 March 2013

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.

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.

1.1 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 stands at Taka 468.54 million as at 31 March 2013. The registered office of the Company is at RAK Tower (10 floor), Plot No.: 1/A, Jasimuddin Avenue, Sector No.: 3, Uttara, Dhaka-1230. The factory is located at Vill.: Faridpur, P.S.: Sreepur, Dist.: Gazipur. The Company owns and operates modern pharmaceutical facility which produces and sells pharmaceutical drugs and medicines including biological and non-biological drugs. 55% shares of RAK Pharmaceuticals Pvt. Ltd's is held by RAK Ceramics (Bangladesh) Limited.

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 March 2013. 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.

Classic Porcelain Pvt. Limited

Classic Porcelain Pvt. Limited was incorporated in Bangladesh under the Companies Act 1994 on 19 August 2008 as a private company limited by shares with an authorised 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 10,000,000 as at 31 March 2013. The main objects of the Company is to produce, manufacture, sell and export of 100% export oriented all types of porcelain/ceramic-made, table ware such as bone china, porcelain white ware, crockery, pottery, hand painted wares, mugs, cup and saucer, plates etc. 51% shares of RAK Porcelain Pvt. Limited is held by RAK Ceramics (Bangladesh) Limited.

RAK Food & Beverage Pvt. Ltd.

RAK Food & Beverage Pvt. Ltd. was incorporated in Bangladesh under the Companies Act 1994 on 19 August 2008 as a private company limited by shares with an authorised capital of Taka 200,000,000 divided into 2,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 2,000,000 as at 31 March 2013. The main objects of the Company is to carry on the business and to act for business on Joint Venture basis to manufacture, produce, sell, import and export of all types of foods, food products, bottled drinking water and beverages items in Bangladesh and abroad. 51% shares of RAK Food & Beverage Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

2. Basis of preparation

2.1 Statement of compliance

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

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

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 11 May 2013.

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 period in which the estimates are revised and in any future periods 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 17	Deferred tax liability
Note 18	Provision for employees benefit
Note 23	Provision for income tax

2.5 Reporting period

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

2.6 Going concern

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

3 Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods 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.

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 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 comprehensive income as per Bangladesh Accounting Standard (BAS) 21 *"The Effects of Changes in Foreign Exchange Rates"*.

3.3 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.

3.3.1 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.

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

a) Investment in associates

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

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.

3.3.2 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.

3.4 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.

3.5 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.

3.5.1 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	10-12.5
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.

3.6 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.

3.7 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.

3.8 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.

3.9 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 the estimated costs necessary to make the sale.

3.10 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.

3.11 Employee benefit schemes

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

Defined contribution plan (provident fund)

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

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

Defined benefit plan

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

Permanent employees are entitled to gratuity after completion of minimum three years of service in the Company. The gratuity is calculated on the last basic pay and is payable at the rate of one month's basic pay for every completed year of service. The expected cost of this benefit is included in respective annual Statement of Comprehensive Income over the period of employment.

3.12 Workers' Profit Participation Fund (WPPF)

The Company provides 5% of its net profit before tax after charging such expense as WPPF in accordance with "The Bangladesh Labour Act 2006".

3.13 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.

3.14 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".

3.15 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.

3.16 Taxation

Income tax represents current tax only and deferred tax is accounted for end of the year. Income tax expense is recognised in the statement of 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 a publicly-traded company.

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 period, 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 periods.

3.18 Determination and presentation of operating segment

Details of product-wise segment reporting as required by BFRS-8 (operating segments).

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 period 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

3.21 Events after the reporting period

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

3.22 Comparatives and reclassification

Comparative information have been disclosed in respect of 2012 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

31 March 2013

Particulars	C O S T			D E P R E C I A T I O N				Net book value at 31 Mar 2013		
	Balance at 01 Jan 2013	Additions	Sale/ disposal	Total at 31 Mar 2013	Rate (%)	Up to 01 Jan 2013	Charged for the period		Adjustment	Total to 31 Mar 2013
Land	748,720,144	1,507,826	-	750,227,970		-	-	-	-	750,227,970
Factory building	689,560,013	-	-	689,560,013	2.5-5	205,071,682	7,742,938	-	212,814,620	476,745,393
Factory office building	71,232,413	-	-	71,232,413	2.5-20	27,664,440	804,778	-	28,469,218	42,763,195
Head office building	171,556,721	-	-	171,556,721	2.5-5	33,827,690	1,696,464	-	35,524,154	136,032,567
Plant and machinery	3,331,136,668	8,422,124	-	3,339,558,792	5-10	1,971,518,873	67,223,931	-	2,038,742,804	1,300,815,988
Mobile plant	89,121,262	-	-	89,121,262	10	53,375,158	1,875,527	-	55,250,685	33,870,577
Electrical installation	222,723,445	-	-	222,723,445	10-20	135,370,805	5,520,445	-	140,891,250	81,832,195
Gas pipeline	43,967,827	-	-	43,967,827	10-20	36,938,785	1,073,972	-	38,012,757	5,955,070
Furniture and fixtures	52,873,545	670,450	-	53,543,995	10	22,618,078	1,275,573	-	23,893,651	29,650,344
Office equipment	33,965,544	581,764	(261,700)	34,285,608	10-33.33	22,124,588	1,043,422	(119,834)	23,048,176	11,237,432
Communication equipment	4,083,829	193,376	-	4,277,205	10-12.5	1,996,893	112,139	-	2,109,032	2,168,173
Tools and appliances	7,036,968	-	-	7,036,968	10-20	3,796,782	161,195	-	3,957,977	3,078,991
Vehicles	85,426,287	2,523,548	(202,121)	87,747,714	10-20	36,832,262	2,914,602	(69,247)	39,677,617	48,070,097
Fire fighting equipments	3,631,012	-	-	3,631,012	20	2,904,808	181,551	-	3,086,359	544,653
Total at 31 March 2013	5,555,035,678	13,899,088	(463,821)	5,568,470,945		2,554,040,844	91,626,537	(189,081)	2,645,478,300	2,922,992,645

31 Dec 2012

Particulars	C O S T			D E P R E C I A T I O N				Net book value at 31 Dec 2012		
	Balance at 01 Jan 2012	Additions	Sale/ disposal	Total at 31 Dec 2012	Rate (%)	Up to 01 Jan 2012	Charged for the year		Adjustment	Total to 31 Dec 2012
Land	236,618,242	512,101,902	-	748,720,144		-	-	-	-	748,720,144
Factory building	664,746,200	24,813,813	-	689,560,013	2.5-5	174,226,272	30,845,410	-	205,071,682	484,488,331
Factory office building	66,191,156	5,041,257	-	71,232,413	2.5-20	24,651,989	3,012,451	-	27,664,440	43,567,973
Head office building	171,556,721	-	-	171,556,721	2.5-5	26,947,584	6,880,106	-	33,827,690	137,729,031
Plant and machinery	3,248,192,833	82,975,835	(32,000)	3,331,136,668	5-10	1,703,604,340	267,919,057	(4,524)	1,971,518,873	1,359,617,795
Mobile plant	89,121,262	-	-	89,121,262	10	45,796,183	7,578,975	-	53,375,158	35,746,104
Electrical installation	222,723,445	-	-	222,723,445	10-20	113,046,179	22,324,626	-	135,370,805	87,352,640
Gas pipeline	42,550,307	1,417,520	-	43,967,827	10-20	32,906,576	4,032,209	-	36,938,785	7,029,042
Furniture and fixtures	50,482,769	2,390,776	-	52,873,545	10	17,579,341	5,038,737	-	22,618,078	30,255,467
Office equipment	32,103,391	2,788,928	(926,775)	33,965,544	10-33.33	17,166,735	5,433,017	(475,165)	22,124,588	11,840,956
Communication equipment	3,441,696	642,133	-	4,083,829	10-12.5	1,637,300	359,593	-	1,996,893	2,086,936
Tools and appliances	7,036,968	-	-	7,036,968	10-20	3,143,061	653,721	-	3,796,782	3,240,186
Vehicles	78,040,597	11,963,610	(4,577,920)	85,426,287	10-20	27,976,331	11,050,658	(2,194,727)	36,832,262	48,594,025
Fire fighting equipments	3,631,012	-	-	3,631,012	20	2,178,606	726,202	-	2,904,808	726,204
Total at 31 December 2012	4,916,436,599	644,135,774	(5,536,695)	5,555,035,678		2,190,860,497	365,854,762	(2,674,416)	2,554,040,844	3,000,994,834

	31 Mar 2013 <u>Taka</u>	31 Mar 2012 <u>Taka</u>
4.1 Depreciation charged to		
Cost of goods manufactured (Note 25.1)	83,826,755	82,029,844
Administrative expenses (Note 27)	6,801,715	7,158,788
Marketing & selling overhead (Note 28)	998,067	1,011,850
	<u>91,626,537</u>	<u>90,200,482</u>
4.2 Disposal of property, plant and equipment		

31 March 2013

Particulars	Original cost	Accumulated depreciation	Book value	Sales/Insurance claim receipt
	Taka	Taka	Taka	Taka
Mobile set	12,500	3,881	8,619	8,619
Vehicles	202,121	69,247	132,874	132,874
Office equipments	249,200	115,953	133,247	136,565
Total	463,821	189,081	274,740	278,058

31 December 2012

Particulars	Original cost	Accumulated depreciation	Book value	Sale/Insurance claim receipt
	Taka	Taka	Taka	Taka
Motor cycles	254,838	91,535	163,303	217,203
Vehicles	4,323,082	2,103,192	2,219,890	3,423,076
Office equipments	958,775	479,689	479,086	479,086
Total	5,536,695	2,674,416	2,862,279	4,119,365

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	
31 Mar 2013																	
RAK Security and Services Pvt. Ltd.	35%	23,568,020		3,882,458		27,450,478		15,920,908		-		15,920,908		11,529,570		4,035,349	
RAK Paints Pvt. Ltd.	40%	335,653,756		289,466,896		625,120,652		396,488,224		515,210,034		911,698,258		(286,577,606)		75,368,957	
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	34,846,781		132,424,616		167,271,397		106,079,747		105,636,501		211,716,248		(44,444,851)		5,921,030	
																<u>85,325,336</u>	
31 Dec 2012																	
RAK Security and Services Pvt. Ltd.	35%	19,312,899		3,953,177		23,266,076		12,845,527		-		12,845,527		10,420,549		3,647,192	
RAK Paints Pvt. Ltd.	40%	355,975,661		294,588,430		650,564,091		376,052,654		527,689,570		903,742,224		(253,178,133)		88,728,747	
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	38,018,556		133,555,145		171,573,701		114,512,381		93,314,367		207,826,748		(36,253,047)		7,559,391	
																<u>99,935,330</u>	

Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK. 190,000,000 and TK. 14,810,000 respectively.

Share of net profit/(loss) :	Ownership	Reprting date	Nature of investment	Income		Expenses		Tax expenses		Profit or (loss)		Share of profit/(loss)	
31 Mar 2013													
RAK Security and Services Pvt. Ltd.	35%	31 March 2013	Associate	15,154,614		13,380,182		665,412		1,109,020		388,157	
RAK Paints Pvt. Ltd.	40%	31 March 2013	Associate	156,704,418		190,103,892		-		(33,399,474)		(13,359,790)	
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 March 2013	Associate	66,362,731		74,554,535		-		(8,191,804)		(1,638,361)	
												<u>(14,609,993)</u>	
31 Mar 2012													
RAK Security and Services Pvt. Ltd.	35%	31 March 2012	Associate	12,665,086		10,504,212		810,328		1,350,546		1,562,480	
RAK Paints Pvt. Ltd.	40%	31 March 2012	Associate	135,203,979		187,019,834		-		(51,815,855)		(20,726,342)	
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 March 2012	Associate	13,267,099		23,208,306		-		(9,941,207)		(2,182,942)	
												<u>(21,346,804)</u>	

	31 Mar 2013	31 Dec 2012
	Taka	Taka
6 Intangible assets		
Balance as at 1 January	112,670,334	113,928,723
Add: Addition during the period	766,068	9,544,681
Less: Amortisation during the period	2,421,463	10,803,070
Balance as at 31 March	<u>111,014,939</u>	<u>112,670,334</u>
7 Capital Work-in-Progress		
Balance as at 1 January	30,955,703	36,578,205
Add: Addition during the period	7,545,185	91,052,972
	<u>38,500,888</u>	<u>127,631,177</u>
Less: Transfer to property, plant & equipment during the period (note 7.1)	-	96,675,474
	<u>38,500,888</u>	<u>30,955,703</u>

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

Facotory building	-	24,210,365
Factory office building	-	5,041,257
Plant & machinery	-	67,423,852
	<u>-</u>	<u>96,675,474</u>

8 Investment in Shares of listed companies

Cost price	5,004,427	5,004,427
Less : Unrealised loss	(3,212,127)	(2,815,362)
	<u>1,792,300</u>	<u>2,189,065</u>

31 March 2013

Name of companies	No. of Shares	Cost price	Market value at 31 Mar 2013	Unrealised gain/(loss)
ICB	168	461,696	207,270	(254,426)
BSRM Steel	10,500	1,757,399	491,400	(1,265,999)
UCBL	13,225	784,114	239,373	(544,742)
Uttara Finance	1,400	194,966	98,980	(95,986)
DESCO	2,587	430,077	173,588	(256,489)
Bay Leasing	3,060	316,932	93,942	(222,990)
Meghna Life Insurance	2,100	560,132	220,710	(339,422)
PLFSL	1,100	150,750	28,490	(122,260)
Suare Pharma	308	56,708	55,009	(1,699)
One Bank	3,250	142,203	57,525	(84,678)
Prime Bank	4,026	149,450	126,014	(23,436)
Total	<u>41,724</u>	<u>5,004,427</u>	<u>1,792,300</u>	<u>(3,212,127)</u>

31 December 2012

Name of companies	No. of Shares	Cost price	Market value at 31 Dec 2012	Unrealised gain/(loss)
ICB	168	461,696	253,386	(208,310)
BSRM Steel	10,000	1,757,399	679,000	(1,078,399)
UCBL	10,225	784,114	312,110	(472,004)
Uttara Finance	1,400	194,966	116,060	(78,906)
DESCO	2,587	430,077	186,523	(243,554)
Bay Leasing	3,060	316,932	108,017	(208,915)
Meghna Life Insurance	2,100	560,132	236,880	(323,252)
PLFSL	1,100	150,750	35,640	(115,110)
Square Pharma	308	56,708	51,929	(4,779)
One Bank	3,250	142,203	74,100	(68,103)
Prime Bank	3,660	149,450	135,420	(14,030)
Total	<u>37,858</u>	<u>5,004,427</u>	<u>2,189,065</u>	<u>(2,815,362)</u>

	31 Mar 2013 Taka	31 Dec 2012 Taka
9 Loan to associates		
RAK Paints Pvt. Ltd.	86,696,325	95,204,185
	<u>86,696,325</u>	<u>95,204,185</u>
10 Inventories		
Raw materials	746,980,899	812,949,154
Stores and consumables spares	816,108,092	793,098,612
Finished goods	130,301,833	125,399,406
Work-in-process	31,200,569	34,017,206
Goods-in-transit	20,958,082	12,424,340
	<u>1,745,549,475</u>	<u>1,777,888,718</u>
11 Trade and other receivables		
Trade receivables (Note 11.1)	588,181,192	597,414,601
Claim receivable	5,521,896	5,063,730
Accrued interest (Note 11.2)	24,151,124	17,237,758
Other receivable	465,035	1,794,308
	<u>618,319,247</u>	<u>621,510,397</u>
11.1 Trade receivables		
Receivables from local sales	588,181,192	594,215,356
Receivables from export sales	-	3,199,245
	<u>588,181,192</u>	<u>597,414,601</u>
11.2 Accrued interest		
Interest accrued on FDR	12,732,679	9,326,431
Interest accrued on loan to associates	11,418,445	7,911,327
	<u>24,151,124</u>	<u>17,237,758</u>
12 Loan to associates		
RAK Paints Pvt. Ltd.	<u>13,303,675</u>	<u>4,795,815</u>
13 Advance, deposit and prepayments		
Advances:		
Employees	21,905,232	19,404,749
Land advance & others	27,798,157	28,194,223
Suppliers against material & services	36,460,977	20,799,412
	86,164,366	68,398,384
Security and other deposits:		
Titas gas	19,307,750	19,217,750
Mymensingh Palli Bidyut Samity-2	1,991,090	1,991,090
VAT and supplementary duty (note 13.1)	45,620,998	41,902,497
Deposit with income tax authority	9,705,739	9,705,739
Deposit with VAT authority	8,290,805	8,596,796
Other deposits	2,587,125	3,357,316
	87,503,507	84,771,188
Prepayments:		
House rent	10,559,383	10,625,152
Insurance	29,079,167	33,818,050
Others	24,558,607	19,986,964
	64,197,157	64,430,166
	<u>237,865,030</u>	<u>217,599,738</u>

	<u>31 Mar 2013</u>	<u>31 Dec 2012</u>
	<u>Taka</u>	<u>Taka</u>
13.1 Supplementary duty & VAT		
Balance as at 1 January	41,902,497	40,883,518
Add: Treasury deposit for SD & VAT purpose	247,400,000	1,066,586,946
Rebate of input VAT	75,237,253	304,745,241
	<u>364,539,750</u>	<u>1,412,215,705</u>
Less: SD & VAT on sales	318,918,752	1,368,054,273
Others payable	-	2,258,935
	<u>318,918,752</u>	<u>1,370,313,208</u>
	<u>45,620,998</u>	<u>41,902,497</u>
14 Advance Income Tax		
Balance as at 1 January	1,303,890,755	948,002,438
Add: Paid during the period	45,507,532	355,888,317
Balance as at 31 March (notes 14.1 & 14.2)	<u>1,349,398,287</u>	<u>1,303,890,755</u>
14.1 Head wise payment		
Import	359,217,125	341,524,750
Export	576,472	519,050
Supply	620,830	456,387
Interest on bank deposit	42,312,500	39,914,208
Rental income	753,261	753,261
Registration	879,700	684,700
Dividend income	7,151,000	7,151,000
Paid in cash	937,887,399	912,887,399
	<u>1,349,398,287</u>	<u>1,303,890,755</u>
14.2 Year wise payment		
<u>Income year</u>		
Current period	20,507,532	-
Year 2012	287,663,852	262,663,852
Year 2011	330,587,709	330,587,709
Year 2010	263,867,684	263,867,684
Year 2009	117,346,023	117,346,023
Year 2008	86,369,770	86,369,770
Year 2007	124,816,528	124,816,528
Year 2006	95,937,931	95,937,931
Year 2005	3,197,658	3,197,658
Year 2004	1,607,895	1,607,895
Year 2003	1,746,309	1,746,309
Year 2002	879,941	879,941
Year 2001	9,689,804	9,689,804
Year 2000	5,176,302	5,176,302
Year 1999	3,349	3,349
	<u>1,349,398,287</u>	<u>1,303,890,755</u>

	<u>31 Mar 2013</u>	<u>31 Dec 2012</u>
	<u>Taka</u>	<u>Taka</u>
15 Cash and cash equivalents		
Cash in hand	2,867,767	3,680,020
Cash at banks		
HSBC (current account - 001-013432-011, 001-107580-011, 001-096015-011, 001-096007-011 - BDT)	85,809,410	43,152,289
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	89,663,934	38,928,111
Agrani Bank (current account - 075533005368 - BDT)	1,455	1,455
Citibank N.A. (current account - G0100001200262018 - BDT)	8,439,348	14,278,278
Dutch Bangla Bank Ltd. (current account - 117-110-12733, 117-110-2481, 117.110.23474 - BDT)	54,963,521	13,312,403
HSBC (ERQ account - 001-013432-047 - USD)	10,320,234	8,813,226
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	180,451	184,766
HSBC (margin money - 001-013432-047, 001-107580-011 - BDT)	432,044	432,044
EXIM Bank (SND account - 01513100031877 - BDT)	501,943	498,889
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330 - BDT)	140,217,834	42,434,784
BRAC Bank (SND - 1513101731248001 - BDT)	280,185	8,274,968
Prime Bank Ltd. (SND - 12531010022563 - BDT)	10,386,755	7,511,422
HSBC (STD - 001-066331-067, 001-107580-067, 001-096015-067 - BDT)	1,882	8,018
Islami Bank Bangladesh Limited (current account- 20502070100405600)	662,966	638,279
Dhaka Bank Limited (current account- 0204100000014484)	53,999	31,670
Greenland Equity (Margin account - 1202190030388191-BDT)	30,863	30,863
	<u>401,946,824</u>	<u>178,531,465</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,408,984	2,543,384
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,970,275	4,047,070
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>6,659,460</u>	<u>6,870,655</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,174,815	12,171,174
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,181,901	9,785,117
	<u>4,356,716</u>	<u>21,956,291</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC (FDR - 001-013432-103, 001-013432-104, 001-013432-105, 001-013432-106, 001-013432-107, 001-107580-101, 001-107580-103, 001-107580-104, & 001-107580-105)	240,956,245	250,956,245
SCB (FDR - 960162940119, 960162940120, 960162940122 & 93767272001)	230,762,080	210,762,080
Prime Bank Ltd. (FDR - 12541070020645, 12541070020749, 12541030024155, 12541010024581 & 20471070000103)	260,268,976	265,542,149
Dutch Bangla Bank Ltd. (FDR - 117-502-26141, 117-502-26339, 117-50226547, 117-502-26643, 117-502-26734 & 117-502-26825)	210,000,000	50,000,000
	<u>941,987,301</u>	<u>777,260,474</u>
Total	<u>1,357,818,068</u>	<u>988,298,905</u>

16 Share Capital

Authorised :

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

31 Mar 2013

31 Dec 2012

Taka

Taka

6,000,000,000 6,000,000,000

Issued, subscribed, called and paid up :

278,388,935 ordinary shares of Taka 10/- each

2,783,889,350 2,783,889,350

2,783,889,350 2,783,889,350

Percentage of shareholdings :

	2013		2012	
	%	Taka	%	Taka
RAK Ceramics PSC, UAE	72.41	2,015,785,305	72.41	2,015,785,305
S.A.K. Ekramuzzaman	6.67	185,563,500	6.67	185,563,500
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	242	0.00	242
Sheikh Omer Bin Saqr Al Qassimi	0.00	242	0.00	242
Sheikh Ahmad Bin Humaid al Qassimi	0.00	242	0.00	242
Hamad Abdulla Al Muttawa	0.00	121	0.00	121
Dr. Khater Massaad	0.00	121	0.00	121
Abdallah Massaad	0.00	121	0.00	121
Manoj Uttamrao Ahire	0.00	121	0.00	121
General Public (including EII & employee)	20.93	582,539,335	20.93	582,539,335
	<u>100.00</u>	<u>2,783,889,350</u>	<u>100.00</u>	<u>2,783,889,350</u>

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2013	2012	2013	2012
Less than 500 shares	51,149	51,525	11,007,148	11,231,793
501 to 5,000 shares	8,538	8,933	11,952,404	12,470,010
5001 to 10,000 shares	453	449	3,130,343	3,094,240
10,001 to 20,000 shares	162	158	2,228,327	2,175,085
20,001 to 30,000 shares	54	53	1,334,527	1,305,541
30,001 to 40,000 shares	36	29	1,235,771	991,204
40,001 to 50,000 shares	22	19	996,552	849,987
50,001 to 100,000 shares	35	39	2,334,757	2,625,569
100,001 to 1,000,000 shares	35	36	8,696,489	8,823,889
Over 1,000,000 shares	6	6	235,472,617	234,821,617
	<u>60,490</u>	<u>61,247</u>	<u>278,388,935</u>	<u>278,388,935</u>

	31 Mar 2013 Taka	31 Dec 2012 Taka
17 Deferred tax liabilities		
Balance as at 1 January	121,162,388	134,641,798
Less : Deferred tax income	-	(13,479,410)
Balance as at 31 March	<u>121,162,388</u>	<u>121,162,388</u>

18 Provision for employee benefits

Providend fund	4,964,233	5,372,511
Gratuity fund	<u>10,530,770</u>	<u>16,483,707</u>
	<u>15,495,003</u>	<u>21,856,218</u>

	2013		
	Providend fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	5,372,511	16,483,707	21,856,218
Add: Provision made during the period	<u>9,337,651</u>	<u>4,219,954</u>	<u>13,557,605</u>
	14,710,162	20,703,661	35,413,823
Less: Payments made to fund during the period	<u>9,745,929</u>	<u>10,172,891</u>	<u>19,918,820</u>
Balance as at 31 March	<u>4,964,233</u>	<u>10,530,770</u>	<u>15,495,003</u>

	2012		
	Providend fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	1,618,309	9,738,073	11,356,382
Add: Provision made during the year	<u>32,241,862</u>	<u>13,262,476</u>	<u>45,504,338</u>
	33,860,171	23,000,549	56,860,720
Less: Payments made to fund during the year	<u>28,487,660</u>	<u>6,516,842</u>	<u>35,004,502</u>
Balance as at 31 December	<u>5,372,511</u>	<u>16,483,707</u>	<u>21,856,218</u>

19 Borrowings

Non-current:		
Term loan	43,040,953	33,097,082
Current portion of term loan	<u>(16,957,951)</u>	<u>(14,529,807)</u>
	<u>26,083,002</u>	<u>18,567,275</u>
Current:		
Bank overdrafts	117,024,901	115,925,921
Short-term borrowings	227,379,625	258,697,225
Current portion of term loan	<u>16,957,951</u>	<u>14,529,807</u>
	<u>361,362,477</u>	<u>389,152,953</u>

19.1 Borrowings by maturity

At 31 March 2013	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	117,024,901	-	-	-	117,024,901
Short-term loans	227,379,625	-	-	-	227,379,625
Term loans and others	<u>16,957,951</u>	<u>9,502,271</u>	<u>16,580,731</u>	-	<u>43,040,953</u>
	<u>361,362,477</u>	<u>9,502,271</u>	<u>16,580,731</u>	-	<u>387,445,479</u>
At 31 December 2012	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	115,925,921	-	-	-	115,925,921
Short-term loans	258,697,225	-	-	-	258,697,225
Term loans and others	<u>14,529,807</u>	<u>9,768,474</u>	<u>8,798,801</u>	-	<u>33,097,082</u>
	<u>389,152,953</u>	<u>9,768,474</u>	<u>8,798,801</u>	-	<u>407,720,228</u>

	31 Mar 2013	31 Dec 2012
	Taka	Taka
20 Trade and other payables		
Trade payables		
Payable to local suppliers	142,834,152	116,830,904
Payable to foreign suppliers	26,846,980	4,216,270
Payable to service provider	8,379,779	8,245,099
Payable to C & F agent	13,050,636	15,053,114
	<u>191,111,547</u>	<u>144,345,387</u>
Other payables		
Tax deducted at source	10,555,259	10,102,325
VAT deducted at source	3,377,144	3,017,518
Dividend Payable	18,837,928	18,961,681
Unclaimed share application	20,885,640	21,096,835
	<u>53,655,971</u>	<u>53,178,359</u>
	<u>244,767,518</u>	<u>197,523,746</u>
21 Provision for expenses		
Power and gas	16,066,613	15,545,144
Staff cost	55,142,554	49,569,322
Audit fees	173,000	601,750
Professional charges	357,400	357,400
Interest on loans	379,575	2,154,464
Telephone	356,018	331,918
Managing Director's remuneration (Note 21.1)	45,599,987	36,225,372
Worker's profit participation and welfare fund (Note 21.2)	72,380,932	57,500,590
Doubtful debts	2,562,373	2,562,373
Others	7,145,737	8,078,898
	<u>200,164,189</u>	<u>172,927,231</u>
21.1 Managing Director's remuneration		
Balance as at 1 January	36,225,372	39,811,796
Add: Payable to Managing Director	9,374,615	36,225,372
	<u>45,599,987</u>	<u>76,037,168</u>
Less: Paid to Managing Director	-	39,811,796
Balance as at 31 March	<u>45,599,987</u>	<u>36,225,372</u>
21.2 Worker's profit participation fund		
Balance as at 1 January	57,500,590	63,193,326
Add: Contribution made to the fund during the period	14,880,342	57,500,590
	<u>72,380,932</u>	<u>120,693,916</u>
Less: Payment made from the fund during the period	-	63,193,326
Balance as at 31 March	<u>72,380,932</u>	<u>57,500,590</u>

	<u>31 Mar 2013</u>	<u>31 Dec 2012</u>
	<u>Taka</u>	<u>Taka</u>
22 Provision for royalty and technical know-how fees		
Balance as at 1 January	219,094,868	106,399,330
Add: Provision made during the period	29,160,919	112,695,538
	<u>248,255,787</u>	<u>219,094,868</u>
Less: Payment made during the period (TDS)	10,639,933	-
Balance as at 31 March	<u>237,615,854</u>	<u>219,094,868</u>

Royalty has been calculated @ 2.5% of net sales in pursuance to technical know-how and technical assistance agreement dated 09 May 1999 and amendment thereupon.

23 Provision for Corporate Income Tax

Balance as at 1 January	1,455,687,469	1,085,466,420
Add: Provision made during the period	93,687,137	370,221,049
Balance as at 31 March (Note 23.1)	<u>1,549,374,606</u>	<u>1,455,687,469</u>

23.1 Provision for Corporate Income Tax

Income year

For the period	93,687,137	-
Year 2012	370,221,049	370,221,049
Year 2011	326,685,217	326,685,217
Year 2010	294,058,668	294,058,668
Year 2009	204,028,260	204,028,260
Year 2008	85,378,847	85,378,847
Year 2007	80,163,573	80,163,573
Year 2006	89,730,898	89,730,898
Year 2005	5,242,907	5,242,907
Year 2004	20,925	20,925
Year 2003	45,563	45,563
Year 2002	111,563	111,563
	<u>1,549,374,606</u>	<u>1,455,687,469</u>

	<u>31 Mar 2013</u> Taka	<u>31 Mar 2012</u> Taka
24 Sales		
Gross sales (Local)	1,613,627,777	1,583,312,068
Gross sales (Export)	3,813,630	-
Total Sales	<u>1,617,441,407</u>	<u>1,583,312,068</u>
Less: Supplementary Duty	107,298,452	169,779,002
VAT	211,584,128	207,117,107
Net sales	<u><u>1,298,558,827</u></u>	<u><u>1,206,415,959</u></u>
25 Cost of sales		
Stock of finished goods as at 1 January	125,399,406	116,881,902
Add: Cost of goods manufactured (Note 25.1)	<u>803,291,068</u>	<u>702,213,053</u>
Cost of finished goods available for sale	928,690,474	819,094,955
Less: Stock of finished goods as at 31 March	<u>130,301,833</u>	<u>96,971,629</u>
	<u><u>798,388,641</u></u>	<u><u>722,123,326</u></u>
25.1 Cost of goods manufactured		
Cost of materials consumed:		
Opening stock	830,323,395	785,262,959
Add: Purchase during the period	<u>383,555,624</u>	<u>429,700,470</u>
	1,213,879,019	1,214,963,429
Less: Closing stock	<u>764,165,510</u>	<u>860,201,025</u>
	<u><u>449,713,509</u></u>	<u><u>354,762,404</u></u>
Manufacturing overhead:		
Direct labour (Note 25.1.1)	66,072,843	60,809,093
Direct expenses:		
Power and gas	37,148,060	39,172,749
Repairs and indirect materials (Note 25.1.2)	118,197,143	114,489,228
Rental charges	205,435	205,435
Moulds and punches	4,621,095	10,426,187
Depreciation	83,826,755	82,029,844
Royalty and technical know-how/assistance fees	29,160,919	28,304,002
Other production overhead (Note 25.1.3)	<u>11,528,672</u>	<u>12,373,304</u>
	350,760,922	347,809,842
Cost of production	<u>800,474,431</u>	<u>702,572,246</u>
Difference in work in process:		
Work in process as at 1 January	34,017,206	34,594,847
Work in process as at 31 March	<u>31,200,569</u>	<u>34,954,040</u>
	2,816,637	(359,193)
Cost of goods manufactured	<u><u>803,291,068</u></u>	<u><u>702,213,053</u></u>

	<u>31 Mar 2013</u>	<u>31 Mar 2012</u>
	Taka	Taka
25.1.1 Direct Labour		
Salary & Wages	39,608,953	36,383,394
Overtime	2,842,238	2,604,595
Bonus	7,128,702	6,669,927
Incentive	2,498,947	2,275,155
Temporary Labour Wages	3,915,524	3,475,835
Temporary Labour for Production	4,687,772	4,088,962
Gratuity	1,921,021	1,635,886
Employer's Contribution to provident fund	2,231,705	2,067,788
Leave Encashment	25,606	465,372
Group Life Insurance	313,423	304,909
Medical expenses	52,693	15,022
Cleaning Service Factory	846,259	822,248
	<u>66,072,843</u>	<u>60,809,093</u>
25.1.2 Repairs and indirect materials		
Stores, Spares, repair & Maintenance	55,279,295	50,528,940
Packing expenses	62,917,848	63,960,288
	<u>118,197,143</u>	<u>114,489,228</u>
25.1.3 Other production overhead		
Travelling & training expenses	1,584,712	1,448,902
Hotel fare and expenses for technician	763,210	1,097,031
Demurrage	566,491	498,812
Insurance	4,752,656	5,257,117
Fuel & Maintenance	38,998	215,979
Other expenses	3,822,605	3,855,463
	<u>11,528,672</u>	<u>12,373,304</u>
26 Other income		
Dividend income	-	350,000
Miscellaneous income	1,258,491	1,113,820
Profit on sale of fixed assets	3,318	105,317
	<u>1,261,809</u>	<u>1,569,137</u>
27 Administrative Expenses		
Staff cost (note-27.1)	33,379,342	32,138,872
Annual General Meeting expenses	686,505	757,199
Telephone, postage and supplies	1,608,399	1,492,265
Office repair and maintenance (note 27.2)	3,101,410	2,960,456
Registration and renewal	347,356	302,740
Security and guard expenses	2,311,515	1,958,826
Electricity, gas and water	879,880	850,229
Depreciation	6,801,715	7,158,788
Amortisation	2,421,463	2,111,615
Legal and professional fees	801,191	401,728
Vehicle repair and maintenance	2,495,190	2,224,459
Rent, rate and tax	1,092,017	1,511,020
Loss on sale of property, plant and equipment	94,566	-
Loss on sale of shares	396,766	336,750
CSR expenses	1,832,000	3,165,608
Managing Director's remuneration (note-27.3)	9,374,615	10,062,428
Others	810,192	1,637,672
	<u>68,434,122</u>	<u>69,070,655</u>

	<u>31 Mar 2013</u>	<u>31 Mar 2012</u>
	Taka	Taka
27.1 Staff cost		
Salary & Wages	23,348,425	23,351,541
Bonus	4,652,095	2,698,651
Incentive	1,330,055	1,504,315
Gratuity	1,024,598	856,313
Employer's Contribution to provident fund	1,241,513	1,213,797
Leave Encashment	4,101	236,428
Group Life Insurance	165,642	167,334
Canteen expenses	294,377	210,247
Staff welfare expenses	167,140	155,738
Hotel, tour, food and air ticket	355,045	1,053,384
Food expenses	461,838	403,151
Medical expenses	180,678	237,079
Accommodation	114,038	40,462
Travelling & conveyance	39,798	10,432
	<u>33,379,342</u>	<u>32,138,872</u>
27.2 Office repair & maintenance		
Repairs office equipment	469,286	746,365
Office maintenance	2,333,210	1,896,546
Rent, rates & taxes	99,875	57,400
Others	199,039	260,145
	<u>3,101,410</u>	<u>2,960,456</u>
27.3 Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.		
28 Marketing & Selling Expenses		
Staff cost (note-28.1)	44,452,854	30,788,048
Advertisement	86,932	294,708
Freight and transportation	39,928,406	35,939,944
Performance rebates (note-28.2)	54,744,018	58,146,894
Business promotion	42,409,377	34,692,334
Depreciation	998,067	1,011,850
Travel, entertainment and others	7,521,178	6,797,881
	<u>190,140,832</u>	<u>167,671,659</u>
28.1 Staff cost		
Salary & Wages	38,248,186	25,979,423
Overtime	5,982	2,498
Bonus	2,762,975	2,043,718
Incentive	484,512	591,511
Gratuity	1,274,335	915,507
Employer's Contribution to provident fund	1,201,236	894,052
Leave Encashment	-	48,857
Group Life Insurance	247,976	165,248
Food expenses	221,478	125,051
Medical expenses	6,174	22,183
	<u>44,452,854</u>	<u>30,788,048</u>
28.2 Performance rebates		
Compensation	1,410,601	1,342,870
Dealers' commission	28,305,444	30,694,019
Breakage commission	25,027,973	26,110,005
	<u>54,744,018</u>	<u>58,146,894</u>

	<u>31 Mar 2013</u>	<u>31 Mar 2012</u>
	<u>Taka</u>	<u>Taka</u>
29 Finance income		
Interest on bank account (SND)	766	27,479
Interest on associate loan	3,507,118	-
Interest on FDR	27,189,134	23,918,884
Exchange gain	11,189,324	-
	<u>41,886,342</u>	<u>23,946,363</u>
30 Financial cost		
Interest expenses	8,212,564	8,595,702
Foreign exchange loss	-	7,327,149
Bank charges	763,799	1,061,947
	<u>8,976,363</u>	<u>16,984,798</u>
31 Current tax		
Current period	93,687,137	89,823,465
	<u>93,687,137</u>	<u>89,823,465</u>

32 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

32.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD	Amounts in Taka	
	As at 31 Dec 2012	As at 31 Mar 2013	As at 31 Dec 2012
Trade receivables			
Customer-Local	-	588,181,192	594,215,356
Customer-Export	40,395	-	3,199,245
	<u>40,395</u>	<u>588,181,192</u>	<u>597,414,601</u>
Other receivables			
Claim Receivable		5,521,896	5,063,730
Accrued Interest		24,151,124	17,237,758
Others		465,035	1,794,308
		<u>30,138,055</u>	<u>24,095,796</u>
Loan to associates			
RAK Paints Pvt. Ltd.		100,000,000	100,000,000
		<u>100,000,000</u>	<u>100,000,000</u>
Cash equivalents		<u>1,354,950,301</u>	<u>984,618,885</u>

b) Ageing of receivables

The ageing of trade receivables as at 31 March was:

	Amounts in Taka	
	As at 31 Mar 2013	As at 31 Dec 2012
Not past due		
0-90 days past due	578,130,593	588,493,762
91-180 days past due	1,641,735	1,069,037
181-365 days past due	1,054,286	387,774
over 365 days past due	7,354,578	7,464,028
	<u>588,181,192</u>	<u>597,414,601</u>

32.2 Liquidity risk

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

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

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

	As at 31 March 2013			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	117,024,901	117,024,901	117,024,901	-
Trade and other payables	244,767,518	244,767,518	244,767,518	-
Short term borrowing (foreign)	188,102,464	188,102,464	188,102,464	-
Short term borrowing (local)	39,277,161	39,277,161	39,277,161	-
Term loan	43,040,953	43,040,953	16,957,951	26,083,002
	<u>632,212,997</u>	<u>632,212,997</u>	<u>606,129,995</u>	<u>26,083,002</u>

	As at 31 December 2012			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	115,925,921	115,925,921	115,925,921	-
Trade and other payables	197,523,746	197,523,746	197,523,746	-
Short term borrowing (foreign)	226,107,635	226,107,635	226,107,635	-
Short term borrowing (local)	32,589,590	32,589,590	32,589,590	-
Term loan	33,097,082	33,097,082	14,529,807	18,567,275
	<u>605,243,974</u>	<u>605,243,974</u>	<u>586,676,699</u>	<u>18,567,275</u>

32.3 Market risk

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

a) Currency risk

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

i) Exposure to currency risk

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

	As at 31 March 2013		As at 31 December 2012	
	USD	EUR	USD	EUR
Foreign currency denominated assets				
Receivable from customers-Export	-	-	40,395	-
Cash at bank	135,755	-	113,611	-
	<u>135,755</u>	<u>-</u>	<u>154,006</u>	<u>-</u>

	As at 31 March 2013		As at 31 December 2012	
	USD	EUR	USD	EUR
Foreign currency denominated liabilities				
Trade payables	73,080	961,730	64,980	229,485
Short term bank loan	2,400,797	-	2,818,981	-
	<u>2,473,877</u>	<u>961,730</u>	<u>2,883,961</u>	<u>229,485</u>
Net exposure	<u>(2,338,122)</u>	<u>(961,730)</u>	<u>(2,729,955)</u>	<u>(229,485)</u>

The Company has foreign exchange gain of Tk 11,189,324 during the period ended 31 March 2013 (31 March 2012: Exchange loss Tk 7,327,149).

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 Mar 2013	31 Dec 2012
	Taka	Taka
US Dollar	77.8500	79.7000
EURO	99.5983	105.4780

ii) Foreign exchange rate sensitivity analysis for foreign currency expenditures

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

	As at 31 March 2013		As at 31 December 2012	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 31 March				
USD (3 percent movement)	(72,313)	68,101	(84,432)	79,513
EUR (3 percent movement)	(29,744)	28,012	(7,097)	6,684

b) Interest rate risk

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

Profile

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

	Carrying amount	
	As at 31 March 2013	As at 31 December 2012
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	941,987,301	777,260,474
Cash at banks	412,963,000	207,358,411
Financial liabilities		
Term loan	43,040,953	33,097,082
Bank overdraft	117,024,901	115,925,921
Short term borrowing (foreign)	188,102,464	226,107,635
Short term borrowing (local)	39,277,161	32,589,590

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

	As at 31 March 2013		As at 31 December 2012	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Financial assets				
Held to maturity assets				
Investment in FDR	941,987,301	941,987,301	777,260,474	777,260,474
Loans and receivables				
Trade receivables	588,181,192	588,181,192	597,414,601	597,414,601
Other receivables	30,138,055	30,138,055	24,095,796	24,095,796
Loan to associates	100,000,000	100,000,000	100,000,000	100,000,000
Cash equivalents	1,354,950,301	1,354,950,301	984,618,885	984,618,885
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	43,040,953	43,040,953	33,097,082	33,097,082
Bank overdraft	117,024,901	117,024,901	115,925,921	115,925,921
Trade and other payables	244,767,518	244,767,518	197,523,746	197,523,746
Short term borrowing (foreign)	188,102,464	188,102,464	226,107,635	226,107,635
Short term borrowing (local)	39,277,161	39,277,161	32,589,590	32,589,590

Interest rates used for determining amortised cost

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

	<u>31 March 2013</u>	<u>31 December 2012</u>
Investment in FDR	11%-12.50%	3.25%-12.50%
Term loan	12.00%-16.00%	12.00%-16.00%
Bank overdraft	15%-15.50%	14.25%-15.50%
Short term bank loan (local currency)	14.50%-15.50%	14.50%-15.50%
Short term bank loan (foreign currency/USD)	Libor rate 0.4449%	Libor rate 0.50825%

33 Related party disclosures

During the period ended 31 March 2013, Company entered into a number of transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and amount thereof have been set out below in accordance with the provisions of BAS 24: Related Party Disclosures.

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

	<u>31 Mar 2013</u>	<u>31 Mar 2012</u>
	<u>Taka</u>	<u>Taka</u>
Subsidiary companies		
Purchase of goods/services	60,511,902	55,185,839
Interest receivables	179,984,884	103,181,236
Rental Income	1,369,565	1,369,565
Loan	500,000,000	556,466,679
Outstanding payables	20,272,110	18,807,816
Outstanding receivables	-	35,000,800
Equity-accounted investees		
Sales of goods/services	2,688	2,918
Purchase of goods/services	11,369,979	9,781,956
Interest receivables	11,418,445	-
Loan	100,000,000	-
Outstanding payables	2,989,299	2,684,008
Key management personnel		
Remuneration	14,690,615	14,178,428
Outstanding remuneration payables	48,071,987	51,146,224
Other related parties		
Sales of goods/services	497,525,242	531,313,959
Purchase of goods/services	48,728,986	60,941,322
Outstanding payables	20,285,697	21,637,561
Outstanding receivables	473,819,143	373,471,895

34 Segment reporting

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

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

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

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

All other:

Classic Porcelain: 100% export oriented all types of porcelain/ceramic-made, table ware such as bone china, porcelain white ware, crockery, pottery, hand painted wares, mugs, cup and saucer, plates etc.

Food & Beverage: Manufactures, produces, sales & export of all types of foods, food products, bottled drinking water and beverages items.

31 March 2013

	Business Segments					Entity total Taka
	Ceramic & sanitary ware Taka	Pharmaceuticals Taka	Power Taka	All other Taka	Inter segment Taka	
Revenue - external customers	1,166,436,776	123,951,424	8,170,627	-	-	1,298,558,827
Revenue - inter segment	-	-	62,323,043	-	(62,323,043)	-
Total segment revenue	1,166,436,776	123,951,424	70,493,670	-	(62,323,043)	1,298,558,827
Cost of sales- external customer	(700,750,461)	(60,368,599)	(37,269,581)	-	-	(798,388,641)
Cost of sales- inter segment	(63,692,608)	-	-	-	63,692,608	-
Total segment cost of sales	(764,443,069)	(60,368,599)	(37,269,581)	-	63,692,608	(798,388,641)
Gross profit	401,993,707	63,582,825	33,224,089	-	-	500,170,186
Other income	1,372,883	1,258,491	-	-	(1,369,565)	1,261,809
Financial income	61,198,622	317,454	175,651	-	(19,805,385)	41,886,342
Financial expenses	(1,950,153)	(26,756,479)	(75,116)	-	19,805,385	(8,976,363)
Depreciation	(72,756,234)	(11,296,194)	(7,574,109)	-	-	(91,626,537)
Other operating expenses	(92,251,988)	(95,016,841)	5,836,836	(396,766)	-	(181,828,759)
Share of profit of equity-accounted investee	-	-	-	-	-	(14,609,993)
Segment profit before tax	297,606,837	(67,910,744)	31,587,351	(396,766)	-	246,276,685
Income tax expense	(81,841,880)	-	(11,845,257)	-	-	(93,687,137)
Deferred tax	-	-	-	-	-	-
Non -Controlling interest	-	(30,559,835)	8,489,100	(194,415)	-	(22,265,150)
Profit for the period	-	(30,559,835)	8,489,100	(194,415)	-	174,854,698

31 March 2012

Business Segments

	Business Segments				Inter segment Taka	Entity total Taka
	Ceramic & sanitary ware Taka	Pharmaceuticals Taka	Power Taka	All other Taka		
Revenue - external customers	1,132,160,060	66,338,140	7,917,759	-	-	1,206,415,959
Revenue - inter segment	-	-	56,793,988	-	(56,793,988)	-
Total segment revenue	1,132,160,060	66,338,140	64,711,747	-	(56,793,988)	1,206,415,959
Cost of sales- external customer	(643,176,162)	(45,533,552)	(37,748,219)	-	-	(726,457,933)
Cost of sales- inter segment	(58,163,553)	-	-	-	58,163,553	-
Total segment cost of sales	(701,339,715)	(45,533,552)	(37,748,219)	-	58,163,553	(726,457,933)
Gross profit	430,820,345	20,804,588	26,963,528	-	-	479,958,026
Other income	25,089,565	1,219,137	16,918	-	-	26,325,620
Financial income	43,771,738	-	-	-	(44,581,858)	(810,120)
Financial expenses	(7,157,105)	(23,175,781)	(2,158,248)	(1,350)	19,842,293	(12,650,191)
Depreciation	(70,861,461)	(11,845,884)	(7,574,109)	-	-	(90,281,454)
Other operating expenses	(102,220,935)	(65,265,523)	5,418,241	(364,750)	-	(162,432,967)
Share of profit of equity-accounted investee	-	-	-	-	-	(21,346,804)
Segment profit before tax	319,442,147	(78,263,463)	22,666,330	(366,100)	-	240,108,914
Income tax expense	(81,323,591)	-	(8,499,874)	-	-	(89,823,465)
Deferred tax	-	-	-	-	-	-
Non -Controlling interest	-	(35,218,558)	6,091,576	(179,389)	-	(29,306,371)
Profit for the period	-	(35,218,558)	6,091,576	(179,389)	-	(29,306,371)
						158,245,016

	<u>31 Mar 2013</u> <u>Taka</u>	<u>31 Mar 2012</u> <u>Taka</u>
35 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>174,854,698</u>	<u>158,245,016</u>
No. of ordinary equity shares	<u>278,388,935</u>	<u>278,388,935</u>
Weighted average no. of equity shares outstanding (Note 35.1)	<u>278,388,935</u>	<u>278,388,935</u>
Earnings per share (EPS) for the period	<u>0.63</u>	<u>0.57</u>

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

	<u>31 March 2013</u>	<u>31 Mar 2012</u>
Outstanding shares	278,388,935	253,080,850
Effect of issue of bonus shares for the year 2011	-	25,308,085
	<u>278,388,935</u>	<u>278,388,935</u>

35.2 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.

36 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 213,099,667 (31 March 2012: Tk 244,099,667). 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 408,830,225 (31 March 2012: Tk 473,710,220) and letter of guarantee of Tk 38,164,522 (31 March 2012: Tk 38,606,012).

37 Other disclosures

37.1 Events after the reporting period

10% stock dividend for the year 2012 (27,838,894 nos bonus shares) approved in 14th annual general meeting held on dated 10 April 2013 which is after the reporting period has resulted in bonus shares which have not been considered to calculate the earning per share for the period. In the same way 15% cash dividend (BDT.417,583,402) have not been shown as liability. If we would consider the bonus shares EPS might come as follows:

	<u>31 March 2013</u> <u>Taka</u>	<u>31 Mar 2012</u> <u>Taka</u>
Profit attributable to equity holders of the Company	<u>174,854,698</u>	<u>158,245,016</u>
No. of ordinary equity shares (added 27,838,894 bonus shares)	<u>306,227,829</u>	<u>306,227,829</u>
Earnings per share (EPS) for the period	<u>0.57</u>	<u>0.52</u>