

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

**RAK Ceramics (Bangladesh) Limited**

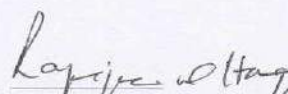
Consolidated financial statements  
for the period ended 31 March 2014

**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Financial Position**  
**as at 31 March 2014**

	Notes	31 Mar 2014 Taka	31 Dec 2013 Taka
<b>Assets</b>			
Property, plant and equipment	4	2,660,657,383	2,734,360,116
Equity-accounted investees	5	81,782,711	87,010,905
Intangible assets	6	104,306,630	106,059,779
Capital work-in-progress	7	92,415,764	35,091,397
Loan to associates	8	49,919,740	59,597,389
<b>Total non-current assets</b>		<u>2,989,082,228</u>	<u>3,022,119,586</u>
Inventories	9	1,891,592,972	1,990,139,724
Trade and other receivables	10	565,245,562	560,988,386
Loan to associates	8	36,776,584	35,606,796
Advance, deposit and prepayments	11	213,778,734	231,316,170
Advance income tax	12	1,785,813,926	1,656,003,346
Cash and cash equivalents	13	1,645,244,310	1,493,885,366
<b>Total current assets</b>		<u>6,138,452,088</u>	<u>5,967,939,788</u>
<b>Total assets</b>		<u><u>9,127,534,316</u></u>	<u><u>8,990,059,374</u></u>
<b>Equity</b>			
Share capital	14	3,062,278,290	3,062,278,290
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,456,512,559	1,280,045,607
<b>Equity attributable to equity holders of the company</b>		<u>5,992,438,828</u>	<u>5,815,971,876</u>
<b>Non-controlling interests</b>		13,543,263	26,333,826
<b>Total equity</b>		<u>6,005,982,091</u>	<u>5,842,305,702</u>
<b>Liabilities</b>			
Borrowings	17	17,153,676	18,483,567
Deferred tax liability	15	94,326,905	94,326,905
<b>Total non-current liabilities</b>		<u>111,480,581</u>	<u>112,810,472</u>
Employees benefits payable	16	30,050,963	30,621,832
Borrowings	17	368,718,105	463,219,346
Trade and other payables	18	335,379,486	278,661,728
Accrued expenses	19	221,684,862	195,958,680
Provision for royalty and technical know-how fees	20	100,315,402	225,676,743
Provision for income tax	21	1,953,922,826	1,840,804,871
<b>Total current liabilities</b>		<u>3,010,071,644</u>	<u>3,034,943,200</u>
<b>Total equity and liabilities</b>		<u><u>9,127,534,316</u></u>	<u><u>8,990,059,374</u></u>

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

  
Head of Finance & Accounts

  
Director

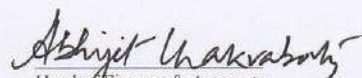
  
Managing Director

Dhaka, Bangladesh  
Dated, 13 May 2014

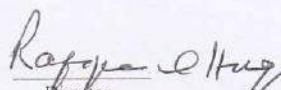
**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Comprehensive Income**  
**for the period ended 31 March 2014**

	Notes	31 Mar 2014 Taka	31 Mar 2013 Taka
Sales	22	1,498,251,767	1,298,558,827
Cost of sales	23	(873,188,866)	(798,388,641)
<b>Gross profit</b>		<u>625,062,901</u>	<u>500,170,186</u>
Other income	24	1,894,737	1,261,809
Administrative expenses	25	(64,720,521)	(68,434,122)
Marketing and selling expenses	26	(295,111,273)	(190,140,832)
		<u>(357,937,057)</u>	<u>(257,313,145)</u>
<b>Profit from operating activities</b>		267,125,844	242,857,041
Finance income	27	34,865,748	41,886,342
Finance expenses	28	(11,698,101)	(8,976,363)
Net finance income		23,167,647	32,909,979
Share of profit/(loss) of equity-accounted investees	5	(5,228,195)	(14,609,993)
<b>Profit before contribution to Worker's Profit Participation and Welfare Fund</b>		<u>285,065,296</u>	<u>261,157,027</u>
Contribution to Worker's Profit Participation and welfare Fund		(15,270,952)	(14,880,342)
<b>Profit before income tax</b>		269,794,344	246,276,685
Income tax expense			
Current tax	29	(113,117,955)	(93,687,137)
<b>Profit for the period</b>		<u>156,676,389</u>	<u>152,589,548</u>
<b>Profit attributable to:</b>			
Equity holders of the Company		176,466,952	174,854,698
Non-controlling interest		(19,790,563)	(22,265,150)
<b>Profit after tax for the period</b>		<u>156,676,389</u>	<u>152,589,548</u>
<b>Basic earnings per share (Per value TK 10)</b>	33	<u>0.58</u>	<u>0.57</u>

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

  
Head of Finance & Accounts

Dhaka, Bangladesh  
Dated, 13 May 2014

  
Director

  
Managing Director

**RAK Ceramics (Bangladesh) Ltd**  
**Consolidated Statement of Changes in Equity**  
**for the period ended 31 March 2014**

	Attributable to owners of the Company				Non-controlling interests Taka	Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka		
<b>Balance as at 01 January 2013</b>	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
<b>Balance as at 31 March 2013</b>	<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>
<b>Balance as at 01 January 2014</b>	3,062,278,290	1,473,647,979	1,280,045,607	5,815,971,876	26,333,826	5,842,305,702
Total comprehensive income for 31 Mar 2014						
Profit/(loss) for the period	-	-	176,466,952	176,466,952	(19,790,563)	156,676,389
Share money deposit	-	-	-	-	7,000,000	7,000,000
<b>Balance as at 31 March 2014</b>	<u>3,062,278,290</u>	<u>1,473,647,979</u>	<u>1,456,512,559</u>	<u>5,992,438,828</u>	<u>13,543,263</u>	<u>6,005,982,091</u>

*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 2014**

	<u>31 Mar 2014</u>	<u>31 Mar 2013</u>
	Taka	Taka
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,514,051,874	1,289,656,542
Cash payments to suppliers and employees	<u>(1,108,015,888)</u>	<u>(847,291,921)</u>
<b>Cash generated from operating activities</b>	<u>406,035,986</u>	<u>442,364,621</u>
Interest received from bank deposit	-	766
Income tax paid	<u>(129,810,580)</u>	<u>(45,507,532)</u>
<b>Net cash from operating activities</b>	<u>276,225,406</u>	<u>396,857,855</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(64,572,616)	(21,444,273)
Sale of property, plant and equipment	470,500	278,058
Loan to associates	8,507,861	-
(Investment)/disinvestment in shares	-	396,765
Interest received from FDR	31,795,522	23,782,886
Intangible assets	(449,696)	(766,068)
Adjustment related to non-controlling interest	7,000,000	-
<b>Net cash (used in)/from investing activities</b>	<u>(17,248,429)</u>	<u>2,247,368</u>
<b>Cash flows from financing activities</b>		
Finance charges	(11,698,101)	(8,976,363)
Avail/(repayment) of term loan	(1,329,891)	7,515,727
Avail/(repayment) of short-term loan	(94,501,241)	(27,790,476)
Dividend paid	(88,800)	(123,753)
Unclaimed share application refund	-	(211,195)
<b>Net cash used in financing activities</b>	<u>(107,618,033)</u>	<u>(29,586,060)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	151,358,944	369,519,163
<b>Cash and cash equivalents as at 01 January</b>	<u>1,493,885,366</u>	<u>988,298,905</u>
<b>Cash and cash equivalents as at 31 March</b>	<u>1,645,244,310</u>	<u>1,357,818,068</u>

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

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

### **Notes to the Consolidated Financial Statements as at and for the period ended 31 March 2014**

#### **1. Reporting entity**

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

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 Mar 2014. 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 Mar 2014. The Company has gone into operation from 1 May 2009. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, Dhaka- 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

## **2. Basis of preparation**

### **2.1 Statement of compliance**

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

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

#### **Authorisation for issue**

These financial statements have been authorised for issue by the Board of Directors of the Company on 29 April 2014.

### **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 15	Deferred tax liability
Note 16	Employees benefit payable
Note 21	Provision for income tax

## **2.5 Reporting period**

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

## **2.6 Going concern**

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

## **3 Significant accounting policies**

The accounting policies set out below, which comply with IFRS, have been applied consistently to all 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	10-20
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.

### 3.6 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 New standards adopted**

The following new standards are effective for annual periods beginning from 1 January 2013 and have been applied in preparing these financial statements.

BFRS 12 "Disclosure of Interest in Other Entities"

BFRS 13 "Fair Value Measurement"

### **3.22 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.

### **3.23 Comparatives and reclassification**

Comparative information have been disclosed in respect of 2013 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, Plant and Equipment

31 Mar 2014

Particulars	C O S T			D E P R E C I A T I O N					Net book value at 31 Mar 2014	
	Balance at 01 Jan 2014	Additions	Sale/ disposal	Total at 31 Mar 2014	Rate (%)	Up to 01 Jan 2014	Charged for the period	Adjustment		Total to 31 Mar 2014
Land	770,449,971	-	-	770,449,971		-	-	-	-	770,449,971
Factory building	689,560,013	-	-	689,560,013	2.5-5	236,420,275	6,800,603	-	243,220,878	446,339,135
Factory office building	89,065,829	6,414,746	-	95,480,575	2.5-20	31,089,077	1,025,532	-	32,114,609	63,365,966
Head office building	171,556,721	-	-	171,556,721	2.5-5	40,707,796	1,696,465	-	42,404,261	129,152,460
Plant and machinery	3,382,668,788	-	-	3,382,668,788	5-10	2,245,101,084	59,657,511	-	2,304,758,595	1,077,910,193
Mobile plant	89,307,341	-	-	89,307,341	10	60,946,019	1,769,141	-	62,715,160	26,592,181
Electrical installation	222,723,445	-	-	222,723,445	10-20	157,695,430	4,160,808	-	161,856,238	60,867,207
Gas pipeline	43,985,379	-	-	43,985,379	10-20	41,249,893	229,078	-	41,478,971	2,506,408
Furniture and fixtures	56,093,093	87,201	-	56,180,294	10	27,820,761	1,336,095	-	29,156,856	27,023,438
Office equipment	35,361,179	301,002	-	35,662,181	10-33.33	25,466,689	764,858	-	26,231,547	9,430,634
Communication equipment	6,811,567	445,300	-	7,256,867	10-12.5	2,661,779	178,531	-	2,840,310	4,416,557
Tools and appliances	7,119,260	-	-	7,119,260	10-20	4,452,799	145,604	-	4,598,403	2,520,857
Vehicles	86,404,833	-	(1,368,185)	85,036,648	10-20	43,135,701	2,910,120	(1,091,549)	44,954,272	40,082,376
Fire fighting equipments	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total at 31 March 2014	5,654,738,431	7,248,249	(1,368,185)	5,660,618,495		2,920,378,315	80,674,346	(1,091,549)	2,999,961,112	2,660,657,383

31 Dec 2013

Particulars	C O S T			D E P R E C I A T I O N					Net book value at 31 Dec 2013	
	Balance at 01 Jan 2013	Additions	Sale/ disposal	Total at 31 Dec 2013	Rate (%)	Up to 01 Jan 2013	Charged for the year	Adjustment		Total to 31 Dec 2013
Land	748,720,144	21,729,827	-	770,449,971		-	-	-	-	770,449,971
Factory building	689,560,013	-	-	689,560,013	2.5-5	205,071,682	31,348,593	-	236,420,275	453,139,738
Factory office building	71,232,413	17,833,416	-	89,065,829	2.5-20	27,664,440	3,424,637	-	31,089,077	57,976,752
Head office building	171,556,721	-	-	171,556,721	2.5-5	33,827,690	6,880,106	-	40,707,796	130,848,925
Plant and machinery	3,331,136,668	51,532,120	-	3,382,668,788	5-10	1,971,518,873	273,582,211	-	2,245,101,084	1,137,567,704
Mobile plant	89,121,262	186,079	-	89,307,341	10	53,375,158	7,570,861	-	60,946,019	28,361,322
Electrical installation	222,723,445	-	-	222,723,445	10-20	135,370,805	22,324,625	-	157,695,430	65,028,015
Gas pipeline	43,967,827	17,552	-	43,985,379	10-20	36,938,785	4,311,108	-	41,249,893	2,735,486
Furniture and fixtures	52,873,545	3,219,548	-	56,093,093	10	22,618,078	5,202,683	-	27,820,761	28,272,332
Office equipment	33,965,544	1,703,135	(507,500)	35,361,179	10-33.33	22,124,588	3,494,811	(152,710)	25,466,689	9,894,490
Communication equipment	4,083,829	2,727,738	-	6,811,567	10-12.5	1,996,893	664,886	-	2,661,779	4,149,788
Tools and appliances	7,036,968	82,292	-	7,119,260	10-20	3,796,782	656,017	-	4,452,799	2,666,461
Vehicles	85,426,287	7,105,647	(6,127,101)	86,404,833	10-20	36,832,262	11,529,825	(5,226,386)	43,135,701	43,269,132
Fire fighting equipments	3,631,012	-	-	3,631,012	20	2,904,808	726,204	-	3,631,012	-
Total at 31 December 2013	5,555,035,678	106,137,354	(6,434,601)	5,654,738,431		2,554,040,844	371,716,567	(5,379,096)	2,920,378,315	2,734,360,116



	31 Mar 2014	31 Mar 2013
	Taka	Taka
<b>4.1 Depreciation charged to</b>		
Cost of goods manufactured (Note 23.1)	72,810,827	83,826,755
Administrative expenses (Note 25)	6,889,222	6,801,715
Marketing & selling expenses (Note 26)	974,297	998,067
	<u>80,674,346</u>	<u>91,626,537</u>
<b>4.2 Disposal of property, plant and equipment</b>		

**31 Mar 2014**

Particulars	Original cost	Accumulated depreciation	Book value	Sales	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Vehicles	1,368,185	1,091,549	276,636	470,500	193,864
Total	<u>1,368,185</u>	<u>1,091,549</u>	<u>276,636</u>	<u>470,500</u>	<u>193,864</u>

**31 Dec 2013**

Particulars	Original cost	Accumulated depreciation	Book value	Sale/Insurance claim receipt	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Motor cycles	828,283	375,753	452,530	455,299	2,769
Vehicles	5,298,818	4,850,633	448,185	3,234,274	2,786,089
Office equipments	307,500	152,710	154,790	85,235	(69,555)
Total	<u>6,434,601</u>	<u>5,379,096</u>	<u>1,055,505</u>	<u>3,774,808</u>	<u>2,719,303</u>

## 5 Equity-accounted investees

Share of net assets :	Ownership	Current assets		Non current assets		Total assets		Current liabilities		Non current liabilities		Total liabilities		Net assets		Share of net assets	
		Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
<b>31 Mar 2014</b>																	
RAK Security and Services Pvt. Ltd.	35%	29,244,401	5,351,749	34,596,150	19,432,885	53,029,035	19,432,885	5,307,143									
RAK Paints Pvt. Ltd.*	47%	409,257,664	263,322,372	672,580,036	451,418,989	1,123,999,025	1,034,431,992	77,059,696									
RAK Mosfly (Bangladesh) Pvt. Ltd.*	20%	27,070,962	127,281,838	154,352,800	109,063,198	263,416,000	231,323,442	(584,128)									
* Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK. 223,250,000 and TK. 14,810,000 respectively.																	

### 31 Dec 2013

RAK Security and Services Pvt. Ltd.	35%	27,829,104	3,686,947	31,516,051	17,689,675	49,205,726	17,689,675	4,839,232									
RAK Paints Pvt. Ltd.*	47%	363,239,232	272,712,697	635,951,929	398,444,981	1,034,396,910	988,113,829	81,614,022									
RAK Mosfly (Bangladesh) Pvt. Ltd.*	20%	36,712,395	128,066,427	164,778,822	118,058,490	282,837,312	236,040,567	557,651									
* Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK. 223,250,000 and TK. 14,810,000 respectively.																	

## Share of net profit/(loss) :

	Ownership	Reprising date	Nature of investment	Income	Expenses	Tax expenses	Profit or (loss)	Share of profit/(loss)
<b>31 Mar 2014</b>								
RAK Security and Services Pvt. Ltd.	35%	31 Mar 2014	Associate	17,310,801	15,171,781	802,133	1,336,887	467,910
RAK Paints Pvt. Ltd.	47%	31 Mar 2014	Associate	191,613,466	201,303,522	-	(9,690,056)	(4,554,326)
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 Mar 2014	Associate	83,755,680	89,464,577	-	(5,708,897)	(1,141,779)
								<u>(5,228,195)</u>
<b>31 Mar 2013</b>								
RAK Security and Services Pvt. Ltd.	35%	31 Mar 2013	Associate	15,154,614	13,380,182	665,412	1,109,020	388,157
RAK Paints Pvt. Ltd.	40%	31 Mar 2013	Associate	156,704,418	190,103,892	-	(33,399,474)	(13,359,790)
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	31 Mar 2013	Associate	66,362,731	74,554,535	-	(8,191,804)	(1,638,361)
								<u>(14,609,993)</u>

	31 Mar 2014	31 Dec 2013
	Taka	Taka
<b>6 Intangible assets</b>		
Balance as at 1 January	106,059,779	112,670,334
Add: Addition during the period	449,696	2,951,177
Less: Amortisation during the period	2,202,845	9,561,732
Balance as at 31 March	<u>104,306,630</u>	<u>106,059,779</u>
<b>7 Capital Work-in-Progress</b>		
Balance as at 1 January	35,091,397	30,955,703
Add: Addition during the period	63,739,113	64,122,346
	98,830,510	95,078,049
Less: Transfer to property, plant & equipment during the period (note 7.1)	6,414,746	59,175,701
Less: Discontinued project	-	810,951
	<u>92,415,764</u>	<u>35,091,397</u>
<b>7.1 Items transferred from capital work in progress to property, plant &amp; equipment</b>		
Factory office building	6,414,746	17,833,416
Plant & machinery	-	37,158,989
Communication equipment	-	2,347,396
Furniture & fixture	-	1,835,900
	<u>6,414,746</u>	<u>59,175,701</u>
<b>8 Loan to associates</b>		
<b>Non-Current:</b>		
RAK Paints Pvt. Ltd.	49,919,740	59,597,389
	<u>49,919,740</u>	<u>59,597,389</u>
<b>Current:</b>		
RAK Paints Pvt. Ltd.	36,776,584	35,606,796
	<u>36,776,584</u>	<u>35,606,796</u>
<b>9 Inventories</b>		
Raw materials	917,103,158	901,067,829
Stores and consumables spares	793,101,939	801,590,998
Finished goods	140,557,387	237,095,258
Work-in-process	32,201,451	35,412,055
Goods-in-transit	8,629,037	14,973,584
	<u>1,891,592,972</u>	<u>1,990,139,724</u>

	31 Mar 2014	31 Dec 2013
	Taka	Taka
<b>10 Trade and other receivables</b>		
Trade receivables (Note 10.1)	539,835,050	536,206,848
Claim receivable	2,368,635	2,368,635
Accrued interest (Note 10.2)	16,344,342	15,525,368
Accrued rental income	-	190,000
Receivable against disposal of investment	6,120,000	6,120,000
Other receivable	577,535	577,535
	<u>565,245,562</u>	<u>560,988,386</u>
<b>10.1 Trade receivables</b>		
Receivables from local sales	539,835,050	536,206,848
	<u>539,835,050</u>	<u>536,206,848</u>
<b>10.2 Accrued interest</b>		
Interest accrued on FDR	16,344,342	15,525,368
	<u>16,344,342</u>	<u>15,525,368</u>
<b>11 Advance, deposit and prepayments</b>		
Advances:		
Employees	15,309,491	16,899,108
Land advance & others	20,084,556	20,986,852
Suppliers against material & services	62,289,575	78,397,462
	97,683,622	116,283,422
Security and other deposits:		
Titas gas	20,215,520	20,215,520
Mymensingh Palli Bidyut Samity-2	1,991,090	1,991,090
VAT and supplementary duty (note 11.1)	37,209,894	33,418,079
Deposit with income tax authority	9,705,739	9,705,739
Deposit with VAT authority	8,342,849	8,228,687
Other deposits	1,604,925	1,700,425
	79,070,017	75,259,540
Prepayments:		
House rent	9,179,307	9,440,076
Insurance	23,854,635	27,081,166
Others	3,991,153	3,251,966
	37,025,095	39,773,208
	<u>213,778,734</u>	<u>231,316,170</u>

	31 Mar 2014 Taka	31 Dec 2013 Taka
<b>11.1 Supplementary duty &amp; VAT</b>		
Balance as at 1 January	33,418,079	41,902,497
Add: Treasury deposit for SD & VAT purpose	316,750,000	957,595,000
Rebate of input VAT	64,648,281	308,017,080
	<u>414,816,360</u>	<u>1,307,514,577</u>
Add: Receivable - SD & VAT	-	73,330
	<u>414,816,360</u>	<u>1,307,587,907</u>
Less: SD & VAT on sales	377,190,200	1,271,248,147
Payable- SD & VAT	416,266	2,921,681
	<u>377,606,466</u>	<u>1,274,169,828</u>
Balance as at 31 March	<u>37,209,894</u>	<u>33,418,079</u>

## 12 Advance Income Tax

Balance as at 1 January	1,656,003,346	1,303,890,755
Add: Paid during the period	129,810,580	352,131,008
Less: Adjusted during the period	-	(18,417)
Balance as at 31 March (notes 12.1 & 12.2)	<u>1,785,813,926</u>	<u>1,656,003,346</u>

### 12.1 Head wise payment

Import	430,693,309	415,459,961
Export	768,236	754,981
Supply	780,254	780,254
Interest on bank deposit	53,461,883	50,546,251
Rental income	1,087,173	1,057,173
Registration	1,340,701	1,210,700
Dividend income	13,063,500	13,063,500
Paid in cash	1,284,618,870	1,173,130,526
	<u>1,785,813,926</u>	<u>1,656,003,346</u>

### 12.2 Payment for the period

#### Income year

Current period	18,322,236	-
Year 2013	299,459,985	237,971,641
Year 2012	337,866,431	337,866,431
Year 2011	330,585,731	330,585,731
Year 2010	263,861,908	263,861,908
Year 2009	206,292,148	156,292,148
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>1,785,813,926</u>	<u>1,656,003,346</u>

	31 Mar 2014	31 Dec 2013
	Taka	Taka
<b>13 Cash and cash equivalents</b>		
Cash in hand	3,802,981	3,908,760
Cash at banks		
HSBC (current account -001-013432-011,001-107580-011,001-096015-011,001-096007-011 - BDT)	40,209,749	17,403,428
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	23,931,539	158,129,932
Agrani Bank (current account - 075533005368 - BDT)	305	305
Citibank N.A. (current account - G0100001200262018 - BDT)	7,921,664	22,603,156
Dutch Bangla Bank Ltd. (current account - 117-110-12733,117-110-2481, 117.110.23474 -BDT)	27,899,916	5,917,265
HSBC (ERQ account - 001-013432-047 - USD)	1,141,222	984,551
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	2,131,597	2,134,362
EXIM Bank (SND account - 01513100031877 - BDT)	514,269	514,269
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	72,739,003	38,200,856
BRAC Bank (SND - 1513101731248001 - BDT)	337,895	338,895
Prime Bank Ltd. (SND - 12531010022563 - BDT)	98,170,345	26,880,635
HSBC (STD - 001-066331-067, 001-107580-067, 001-096015-067 - BDT)	1,909	1,909
Islami Bank Bangladesh Limited (current account- 20502070100405600)	287,826	1,454,727
Dhaka Bank Limited (current account- 0204100000014484)	4,079	4,079
Premier Bank Ltd. (Current account - 10211100015136- BDT)	8,250	8,250
	<u>275,299,568</u>	<u>274,576,619</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,804,384	1,804,384
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,951,074	3,951,074
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,608
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,593	126,593
	<u>6,035,659</u>	<u>6,035,659</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,388,854	2,395,744
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,138,498	2,148,624
SCB (Current - 02-6162940-02- BDT) - 2012	3,970,102	4,057,880
	<u>8,497,454</u>	<u>8,602,248</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	60,000,000	60,000,000
SCB	762,080	762,080
Prime Bank Ltd.	260,846,568	260,000,000
Dutch Bangla Bank Ltd.	1,030,000,000	880,000,000
	<u>1,351,608,648</u>	<u>1,200,762,080</u>
Total	<u>1,645,244,310</u>	<u>1,493,885,366</u>

	31 Mar 2014	31 Dec 2013
	Taka	Taka
<b>14 Share Capital</b>		
Authorised :		
600,000,000 ordinary shares of □Taka 10/- each	<u>6,000,000,000</u>	<u>6,000,000,000</u>
Issued, subscribed, called and paid up :		
306,227,829 ordinary shares of Taka 10/- each	<u>3,062,278,290</u>	<u>3,062,278,290</u>
	<u>3,062,278,290</u>	<u>3,062,278,290</u>

Percentage of shareholdings :

	2014		2013	
	%	Taka	%	Taka
RAK Ceramics PSC, UAE	72.41	2,217,363,830	72.41	2,217,363,830
S.A.K. Ekramuzzaman	4.75	145,563,500	5.41	165,563,500
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	260	0.00	260
Sheikh Omer Bin Saqr Al Qassimi	0.00	260	0.00	260
Sheikh Ahmad Bin Humaid al Qassimi	0.00	260	0.00	260
Hamad Abdulla Al Muttawa	0.00	130	0.00	130
Dr. Khater Massaad	0.00	130	0.00	130
Abdallah Massaad	0.00	130	0.00	130
Manoj Uttamrao Ahire	0.00	130	0.00	130
General Public (including EII & employee)	22.84	699,349,660	22.18	679,349,660
	<u>100.00</u>	<u>3,062,278,290</u>	<u>100.00</u>	<u>3,062,278,290</u>

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2014	2013	2014	2013
Less than 500 shares	45,984	46,960	9,182,865	9,717,485
501 to 5,000 shares	9,486	10,381	11,910,398	13,119,635
5001 to 10,000 shares	477	514	3,366,556	3,599,643
10,001 to 20,000 shares	177	186	2,474,672	2,580,341
20,001 to 30,000 shares	63	58	1,556,780	1,432,712
30,001 to 40,000 shares	40	41	1,411,263	1,421,481
40,001 to 50,000 shares	19	15	860,719	667,999
50,001 to 100,000 shares	50	45	3,544,157	3,027,601
100,001 to 1,000,000 shares	34	39	8,886,318	9,727,969
Over 1,000,000 shares	10	8	263,034,101	260,932,963
	<u>56,340</u>	<u>58,247</u>	<u>306,227,829</u>	<u>306,227,829</u>

	31 Mar 2014	31 Dec 2013
	Taka	Taka
<b>15 Deferred tax liabilities</b>		
Balance as at 1 January	94,326,905	121,162,388
Less : Deferred tax income	-	(26,835,483)
Balance as at 31 March	<u>94,326,905</u>	<u>94,326,905</u>

**16 Employees benefits payable**

Providend fund	16,529,320	11,613,439
Gratuity fund	13,521,643	19,008,393
	<u>30,050,963</u>	<u>30,621,832</u>

	2014		
	Providend fund	Gratuity fund	Total
	Taka	Taka	Taka
Balance as at 1 January	11,613,439	19,008,393	30,621,832
Add: Provision made during the period	9,426,014	5,587,003	15,013,017
	21,039,453	24,595,396	45,634,849
Less: Payments made to fund during the period	4,510,133	11,073,753	15,583,886
Balance as at 31 March	<u>16,529,320</u>	<u>13,521,643</u>	<u>30,050,963</u>

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

**17 Borrowings**

Non-current:		
Term loan	26,951,458	31,177,626
Current portion of term loan	(9,797,782)	(12,694,059)
	<u>17,153,676</u>	<u>18,483,567</u>
Current:		
Bank overdrafts	173,380,206	164,667,668
Short-term borrowings	185,540,117	285,857,619
Current portion of term loan	9,797,782	12,694,059
	<u>368,718,105</u>	<u>463,219,346</u>

**17.1 Borrowings by maturity**

At 31 March 2014	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	173,380,206		-	-	173,380,206
Short-term loans	185,540,117	-	-	-	185,540,117
Term loans and others	9,797,782	7,776,398	9,377,277	-	26,951,457
	<u>368,718,105</u>	<u>7,776,398</u>	<u>9,377,277</u>	<u>-</u>	<u>385,871,781</u>
At 31 December 2013	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	164,667,668	-	-	-	164,667,668
Short-term loans	285,857,619	-	-	-	285,857,619
Term loans and others	12,694,059	7,762,382	10,721,185	-	31,177,626
	<u>463,219,346</u>	<u>7,762,382</u>	<u>10,721,185</u>	<u>-</u>	<u>481,702,913</u>



	31 Mar 2014	31 Dec 2013
	Taka	Taka
<b>18 Trade and other payables</b>		
<b>Trade payables</b>		
Payable to local suppliers	129,321,812	116,802,654
Payable to foreign suppliers	103,979,546	49,831,597
Payable to service provider	5,622,447	19,949,818
Payable to C & F agent	17,140,267	8,239,445
	<u>256,064,072</u>	<u>194,823,514</u>
<b>Other payables</b>		
Tax deducted at source	12,158,927	15,551,856
VAT deducted at source	2,442,160	3,289,446
Dividend Payable	22,455,209	22,544,009
Unclaimed share application	20,232,839	20,232,839
Advance from customer against sales	11,026,279	11,220,064
Payable to others	11,000,000	11,000,000
	<u>79,315,414</u>	<u>83,838,214</u>
	<u>335,379,486</u>	<u>278,661,728</u>
<b>19 Accrued expenses</b>		
Power and gas	16,084,364	16,333,169
Staff cost	62,190,099	63,381,491
Audit fees	42,550	586,250
Professional charges	372,000	418,000
Interest on loans	3,469,257	1,042,997
Telephone	410,442	399,250
Managing Director's remuneration (Note 19.1)	48,115,317	38,340,648
Worker's profit participation and welfare fund (Note 19.2)	74,382,281	59,111,329
Doubtful debts	3,333,552	3,333,552
Others	13,285,000	13,011,994
	<u>221,684,862</u>	<u>195,958,680</u>
<b>19.1 Managing Director's remuneration</b>		
Balance as at 1 January	38,340,648	36,225,372
Add: Payable to Managing Director	<u>9,774,669</u>	<u>38,340,648</u>
	48,115,317	74,566,020
Less: Paid to Managing Director	-	36,225,372
Balance as at 31 March	<u>48,115,317</u>	<u>38,340,648</u>
<b>19.2 Worker's profit participation and welfare fund</b>		
Balance as at 1 January	59,111,329	57,500,590
Add: Contribution made to the fund during the period	<u>15,270,952</u>	<u>59,111,329</u>
	74,382,281	116,611,919
Less: Payment made from the fund during the period	-	57,500,590
Balance as at 31 March	<u>74,382,281</u>	<u>59,111,329</u>

	31 Mar 2014	31 Dec 2013
	Taka	Taka
<b>20 Provision for royalty and technical know-how fees</b>		
Balance as at 1 January	225,676,743	219,094,868
Add: Provision made during the period	23,067,065	90,479,404
	<u>248,743,808</u>	<u>309,574,272</u>
Less: Payment made during the period	95,759,397	-
Less: Vat on royalty deposited for the year 2010	34,734,242	10,639,933
Less: Reversal of excess provision for the year 2012	-	19,461,872
Less: Tax provision on excess royalty paid in the year 2008	7,934,767	31,000,000
Less: Tax provision on excess royalty paid in the year 2009	10,000,000	22,795,724
Balance as at 31 March	<u>100,315,402</u>	<u>225,676,743</u>

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

## 21 Provision for income Tax

Balance as at 1 January	1,840,804,871	1,455,687,469
Add: Provision made during the period	113,117,955	385,132,085
	<u>1,953,922,826</u>	<u>1,840,819,554</u>
Less: Provision release during the period	-	(14,683)
Balance as at 31 March (Note 21.1)	<u>1,953,922,826</u>	<u>1,840,804,871</u>

### 21.1 Provision for income Tax

#### Income year

Current period	113,117,955	-
Year 2013	385,132,085	385,132,085
Year 2012	370,211,365	370,211,365
Year 2011	326,685,217	326,685,217
Year 2010	294,053,668	294,053,668
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>1,953,922,826</u>	<u>1,840,804,871</u>

	<u>31 Mar 2014</u>	<u>31 Mar 2013</u>
	Taka	Taka
<b>22 Sales</b>		
Gross sales (Local)	1,873,782,167	1,613,627,777
Gross sales (Export)	<u>1,659,800</u>	<u>3,813,630</u>
Total Sales	1,875,441,967	1,617,441,407
Less: Supplementary Duty	130,239,481	107,298,452
VAT	246,950,719	211,584,128
Net sales	<u>1,498,251,767</u>	<u>1,298,558,827</u>
<b>23 Cost of sales</b>		
Stock of finished goods as at 1 January	237,095,258	125,399,406
Add: Cost of goods manufactured (Note 23.1)	<u>776,650,995</u>	<u>803,291,068</u>
Cost of finished goods available for sale	1,013,746,253	928,690,474
Less: Stock of finished goods as at 31 March	<u>140,557,387</u>	<u>130,301,833</u>
	<u>873,188,866</u>	<u>798,388,641</u>
<b>23.1 Cost of goods manufactured</b>		
Cost of materials consumed:		
Opening stock as at 1 January	901,067,829	914,539,779
Add: Purchase during the period	<u>450,841,973</u>	<u>380,702,867</u>
	1,351,909,802	1,295,242,646
Less: Closing stock as at 31 March	<u>917,103,158</u>	<u>845,529,137</u>
	<u>434,806,644</u>	<u>449,713,509</u>
Manufacturing overhead:		
Direct labour (Note 23.1.1)	72,089,588	66,072,843
Direct expenses:		
Power and gas	37,714,132	37,148,060
Repairs and indirect materials (Note 23.1.2)	134,731,746	118,197,143
Rental charges	205,435	205,435
Moulds and punches	4,992,288	4,621,095
Depreciation	72,810,827	83,826,755
Royalty and technical know-how/assistance fees (23.1.3)	5,132,298	29,160,919
Other production overhead (Note 23.1.4)	<u>10,957,433</u>	<u>11,528,672</u>
	<u>338,633,747</u>	<u>350,760,922</u>
Cost of production	773,440,391	800,474,431
Difference in work in process:		
Work in process as at 1 January	35,412,055	34,017,206
Work in process as at 31 March	<u>32,201,451</u>	<u>31,200,569</u>
	<u>3,210,604</u>	<u>2,816,637</u>
Cost of goods manufactured	<u>776,650,995</u>	<u>803,291,068</u>

	31 Mar 2014	31 Mar 2013
	Taka	Taka
<b>23.1.1 Direct Labour</b>		
Salary & Wages	44,132,181	39,608,953
Overtime	3,747,070	2,842,238
Bonus	5,990,259	7,128,702
Incentive	1,197,344	2,498,947
Temporary Labour Wages	3,949,534	3,915,524
Temporary Labour for Production	6,717,859	4,687,772
Gratuity	3,265,709	1,921,021
Employer's Contribution to provident fund	2,537,915	2,231,705
Leave Encashment	-	25,606
Group Life Insurance	373,701	313,423
Medical expenses	-	52,693
Cleaning Service Factory	178,016	846,259
	<u>72,089,588</u>	<u>66,072,843</u>
<b>23.1.2 Repairs and indirect materials</b>		
Stores, Spares, repair & Maintenance	73,278,625	55,279,295
Packing expenses	61,453,121	62,917,848
	<u>134,731,746</u>	<u>118,197,143</u>
<b>23.1.3 Royalty and technical know-how/assistance fees</b>		
Royalty and technical know-how/assistance fees	23,067,065	29,160,919
Less : Tax provision on excess royalty paid on year 2008	7,934,767	-
Less : Tax provision on excess royalty paid on year 2009	10,000,000	-
	<u>5,132,298</u>	<u>29,160,919</u>
<b>23.1.4 Other production overhead</b>		
Travelling & training expenses	1,050,853	1,584,712
Hotel fare and expenses for technician	800,553	763,210
Demurrage	2,028,127	566,491
Insurance	4,192,083	4,752,656
Fuel & Maintenance	-	38,998
Other expenses	2,885,817	3,822,605
	<u>10,957,433</u>	<u>11,528,672</u>
<b>24 Other income</b>		
Miscellaneous income	1,100,873	1,258,491
Rental income	600,000	-
Profit on sale of fixed assets	193,864	3,318
	<u>1,894,737</u>	<u>1,261,809</u>
<b>25 Administrative Expenses</b>		
Staff cost (note-25.1)	30,374,663	33,379,342
Annual General Meeting expenses	976,657	686,505
Telephone, postage and supplies	1,133,579	1,608,399
Office repair and maintenance (note 25.2)	2,805,233	3,101,410
Registration and renewal	193,125	347,356
Security and guard expenses	2,744,335	2,311,515
Electricity, gas and water	1,109,836	879,880
Depreciation	6,889,222	6,801,715
Amortisation	2,202,845	2,421,463
Legal and professional fees	1,761,665	801,191
Vehicle repair and maintenance	1,789,381	2,495,190
Rent, rate and tax	1,563,703	1,092,017
Loss on sale of property, plant and equipment	-	94,566
Loss on sale of shares	-	396,766
CSR expenses	180,000	1,832,000
Managing Director's remuneration (note-25.3)	9,774,669	9,374,615
Others	1,221,608	810,192
	<u>64,720,521</u>	<u>68,434,122</u>

	31 Mar 2014	31 Mar 2013
	Taka	Taka
<b>25.1 Staff cost</b>		
Salary & Wages	21,373,716	23,348,425
Bonus	2,612,896	4,652,095
Incentive	1,458,081	1,330,055
Gratuity	1,419,909	1,024,598
Employer's Contribution to provident fund	1,146,698	1,241,513
Leave Encashment	-	4,101
Group Life Insurance	130,893	165,642
Canteen expenses	199,442	294,377
Staff welfare expenses	166,740	167,140
Hotel, tour, food and air ticket	1,214,683	355,045
Food expenses	500,655	461,838
Medical expenses	47,346	180,678
Accommodation	25,495	114,038
Travelling & conveyance	78,109	39,798
	<u>30,374,663</u>	<u>33,379,342</u>
<b>25.2 Office repair &amp; maintenance</b>		
Repairs office equipment	407,037	469,286
Office maintenance	2,140,891	2,333,210
Rent, rates & taxes	66,549	99,875
Others	190,756	199,039
	<u>2,805,233</u>	<u>3,101,410</u>
<b>25.3</b>	Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.	
<b>26 Marketing &amp; Selling Expenses</b>		
Staff cost (note-26.1)	42,313,836	44,452,854
Advertisement	11,314,900	86,932
Freight and transportation	64,845,785	39,928,406
Performance rebates (note-26.2)	77,998,052	50,952,868
Business promotion	37,366,757	42,409,377
Depreciation	974,297	998,067
Discount	51,218,653	4,415,806
Travel, entertainment and others	9,078,993	6,896,522
	<u>295,111,273</u>	<u>190,140,832</u>
<b>26.1 Staff cost</b>		
Salary & Wages	36,411,351	38,248,186
Overtime	4,449	5,982
Bonus	2,439,942	2,762,975
Incentive	825,166	484,512
Gratuity	901,385	1,274,335
Employer's Contribution to provident fund	1,028,394	1,201,236
Group Life Insurance	331,487	247,976
Food expenses	371,662	221,478
Medical expenses	-	6,174
	<u>42,313,836</u>	<u>44,452,854</u>
<b>26.2 Performance rebates</b>		
Compensation	20,258,831	1,410,601
Dealers' commission	29,406,031	24,514,294
Breakage commission	28,333,190	25,027,973
	<u>77,998,052</u>	<u>50,952,868</u>

	<u>31 Mar 2014</u>	<u>31 Mar 2013</u>
	Taka	Taka
<b>27 Finance income</b>		
Interest on bank account (SND)	-	766
Interest on associate loan	3,002,609	3,507,118
Interest on FDR	29,611,887	27,189,134
Exchange gain	2,251,252	11,189,324
	<u>34,865,748</u>	<u>41,886,342</u>
<b>28 Financial expenses</b>		
Interest expenses	11,431,806	8,212,564
Bank charges	266,295	763,799
	<u>11,698,101</u>	<u>8,976,363</u>
<b>29 Current tax</b>		
Current period	113,117,955	93,687,137
	<u>113,117,955</u>	<u>93,687,137</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 31 Mar 2014	As at 31 Dec 2013	As at 31 Mar 2014	As at 31 Dec 2013
Trade receivables				
Customer-Local	-	-	539,835,050	536,206,848
	-	-	539,835,050	536,206,848
Other receivables				
Claim Receivable			2,368,635	2,368,635
Accrued Interest			16,344,342	15,525,368
Accrued rental income			-	190,000
Receivable against disposal of investment			6,120,000	6,120,000
Others			577,535	577,535
			25,410,512	24,781,538
Loan to associates				
RAK Paints Pvt. Ltd.			86,696,324	95,204,185
			86,696,324	95,204,185
Cash equivalents			1,641,441,329	1,489,976,606

##### b) Ageing of receivables

The ageing of trade receivables as at 31 March was:

	Amounts in Taka	
	As at 31 Mar 2014	As at 31 Dec 2013
Not past due		
0-90 days past due	529,784,451	525,195,961
91-180 days past due	1,641,736	1,952,893
181-365 days past due	1,054,286	3,481,863
over 365 days past due	7,354,577	5,576,131
	539,835,050	536,206,848

### 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 31 March 2014			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	173,380,206	173,380,206	173,380,206	-
Trade and other payables	335,379,486	335,379,486	335,379,486	-
Short term borrowing (foreign)	152,676,909	152,676,909	152,676,909	-
Short term borrowing (local)	32,863,208	32,863,208	32,863,208	-
Term loan	26,951,458	26,951,458	9,797,782	17,153,675
	<u>721,251,267</u>	<u>721,251,267</u>	<u>704,097,591</u>	<u>17,153,675</u>

	As at 31 December 2013			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	164,667,668	164,667,668	164,667,668	-
Trade and other payables	278,661,728	278,661,728	278,661,728	-
Short term borrowing (foreign)	255,783,541	255,783,541	255,783,541	-
Short term borrowing (local)	30,074,078	30,074,078	30,074,078	-
Term loan	31,177,626	31,177,626	12,694,059	18,483,567
	<u>760,364,641</u>	<u>760,364,641</u>	<u>741,881,074</u>	<u>18,483,567</u>

### 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 31 March 2014			As at 31 December 2013		
	USD	EURO	AED	USD	EURO	AED
<b>Foreign currency denominated assets</b>						
Receivable from customers-Export	-	-	-	-	-	-
Cash at bank	42,449	-	-	40,400	-	-
	<u>42,449</u>	<u>-</u>	<u>-</u>	<u>40,400</u>	<u>-</u>	<u>-</u>



	As at 31 March 2014			As at 31 December 2013		
	USD	EURO	AED	USD	EURO	AED
<b>Foreign currency denominated liabilities</b>						
Trade payables	434,549	692,620	-	7,056	468,813	33,511
Short term bank loan	1,954,890	-	-	3,188,661	59,000	-
Royalty & Technical Fees	1,284,448	-	-	2,885,892	-	-
	<u>3,673,887</u>	<u>692,620</u>	<u>-</u>	<u>6,081,609</u>	<u>527,813</u>	<u>33,511</u>
Net exposure	<u>(3,631,438)</u>	<u>(692,620)</u>	<u>-</u>	<u>(6,041,209)</u>	<u>(527,813)</u>	<u>(33,511)</u>

The Company has foreign exchange gain of Tk 2,251,252 during the period ended 31 Mar 2014 (31 Mar 2013: Exchange gain Tk 11,189,324).

The following significant exchange rates have been applied:

	Exchange rate as at	
	31 Mar 2014	31 Dec 2013
	Taka	Taka
US Dollar	77.6000	77.7000
EURO	106.2390	106.9858
AED	21.1297	21.1587

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

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

	As at 31 March 2014		As at 31 December 2013	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
<b>At 31 March</b>				
USD (3 percent movement)	(112,313)	105,770	(186,842)	175,958
EUR (3 percent movement)	(21,421)	20,173	(16,324)	15,373
AED (3 percent movement)	-	-	(1,036)	976

#### 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 2014	As at 31 December 2013
	Taka	Taka
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investment in FDR	1,351,608,648	1,200,762,080
Cash at banks	289,832,681	289,214,526
<b>Financial liabilities</b>		
Term loan	26,951,458	31,177,626
Bank overdraft	173,380,206	164,667,668
Short term borrowing (foreign)	152,676,909	255,783,541
Short term borrowing (local)	32,863,208	30,074,078

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

	As at 31 March 2014		As at 31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
<b>Financial assets</b>				
<b>Held to maturity assets</b>				
Investment in FDR	1,351,608,648	1,351,608,648	1,200,762,080	1,200,762,080
<b>Loans and receivables</b>				
Trade receivables	539,835,050	539,835,050	536,206,848	536,206,848
Other receivables	25,410,512	25,410,512	24,781,538	24,781,538
Loan to associates	86,696,324	86,696,324	95,204,185	95,204,185
Cash equivalents	1,641,441,329	1,641,441,329	1,489,976,606	1,489,976,606
<b>Financial liabilities</b>				
<b>Liabilities carried at amortised costs</b>				
Term loan	26,951,458	26,951,458	31,177,626	31,177,626
Bank overdraft	173,380,206	173,380,206	164,667,668	164,667,668
Trade and other payables	335,379,486	335,379,486	278,661,728	278,661,728
Short term borrowing (foreign)	152,676,909	152,676,909	255,783,541	255,783,541
Short term borrowing (local)	32,863,208	32,863,208	30,074,078	30,074,078

**Interest rates used for determining amortised cost**

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

	31 March 2014	31 December 2013
Investment in FDR	07.25%-11.25%	07.25%-11.25%
Term loan	12.00%-17.00%	12.00%-17.00%
Bank overdraft	13.50%-15.50%	14.25%-15.50%
Short term bank loan (local currency)	13.00%-15.50%	14.50%-15.50%
Short term bank loan (foreign currency/USD)	Libor 0.3289%	Libor 0.3490%
Short term bank loan (foreign currency/EURO)	Libor 0.3741%	Libor 0.3613%

### 31 Related party disclosures

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

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

	<u>31 Mar 2014</u>	<u>31 Mar 2013</u>
	<u>Taka</u>	<u>Taka</u>
<b>Subsidiary companies</b>		
Purchase of goods/services	61,986,632	60,511,902
Interest receivables	266,568,016	179,984,884
Rental Income	1,369,565	1,369,565
Loan	500,000,000	500,000,000
Outstanding payables	41,240,714	20,272,110
<b>Equity-accounted investees</b>		
Sales of goods/services	2,636	2,688
Purchase of goods/services	13,936,622	11,369,979
Interest receivables	-	11,418,445
Loan	86,696,324	100,000,000
Outstanding payables	6,600,152	2,989,299
<b>Key management personnel</b>		
Remuneration	12,006,389	14,690,615
Outstanding remuneration payables	48,645,317	48,071,987
<b>Other related parties</b>		
Sales of goods/services	618,398,412	497,525,242
Purchase of goods/services	39,728,286	48,728,986
Outstanding payables	15,463,809	20,285,697
Outstanding receivables	396,894,582	473,819,143

### 32 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.

#### 31 March 2014

	Business Segments				Entity total
	Ceramic & sanitary ware	Pharmaceuticals	Power	Inter segment	
	Taka	Taka	Taka	Taka	
Revenue - external customers	1,384,196,164	105,434,186	8,621,417	-	1,498,251,767
Revenue - inter segment	-	-	63,785,796	(63,785,796)	-
Total segment revenue	1,384,196,164	105,434,186	72,407,213	(63,785,796)	1,498,251,767
Cost of sales- external customer	(789,524,894)	(45,556,797)	(38,107,176)	-	(873,188,866)
Cost of sales- inter segment	(65,155,361)	-	-	65,155,361	-
Total segment cost of sales	(854,680,255)	(45,556,797)	(38,107,176)	65,155,361	(873,188,866)
Gross profit	529,515,909	59,877,389	34,300,037	-	625,062,901
Other income	2,163,429	1,100,873	-	(1,369,565)	1,894,737
Financial income	55,946,387	-	1,246,585	(22,327,224)	34,865,748
Financial expenses	(2,568,738)	(31,437,277)	(19,290)	22,327,224	(11,698,101)
Depreciation	(64,998,183)	(11,073,970)	(4,602,193)	-	(80,674,346)
Other operating expenses	(214,639,738)	(82,585,641)	2,796,979	-	(294,428,400)
Share of profit of equity-accounted investee	-	-	-	-	(5,228,195)
Segment profit before tax	305,419,046	(64,118,626)	33,722,118	-	269,794,344
Income tax expense	(100,472,161)	-	(12,645,794)	-	(113,117,955)
Non -Controlling interest	-	(28,853,382)	9,062,819	-	(19,790,563)
Profit for the period	-	-	-	-	176,466,952

31 Mar 2013

Business Segments

	Ceramic & sanitary ware		Pharmaceuticals		Power		All other		Inter segment		Entity total	
	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	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)	-
Non -Controlling interest	-	(30,559,835)	8,489,100	(194,415)	-	-	-	-	-	-	(22,265,150)	-
Profit for the period	-	-	8,489,100	(194,415)	-	-	-	-	-	-	174,854,698	-

	31 Mar 2014 Taka	31 Mar 2013 Taka
<b>33 Earnings per share (EPS)</b>		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company	176,466,952	174,854,698
No. of ordinary equity shares	306,227,829	306,227,829
Weighted average no. of equity shares outstanding (Note 33.1)	306,227,829	306,227,829
Earnings per share (EPS) for the period	0.58	0.57

### 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 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.

	31 Mar 2014	31 Mar 2013
Outstanding shares	306,227,829	278,388,935
Effect of issue of bonus shares for the year 2012	-	27,838,894
	306,227,829	306,227,829

### 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 542,219,026 (31 Mar 2013: Tk 213,099,667). 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 216,734,067 (31 Mar 2013: Tk 408,830,225) and letter of guarantee of Tk 38,625,334 (31 Mar 2013: Tk 38,164,522).

### 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.

#### 35.2 Events after the reporting period

10% stock dividend for the year 2013 (30,622,783 nos bonus shares) approved in 15th annual general meeting held on dated 02 April 2014 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 459,341,743) have not been shown as liability. If we would consider the bonus shares EPS might come as follows:

	31 Mar 2014 Taka	31 Mar 2013 Taka
Profit attributable to equity holders of the Company	176,466,952	174,854,698
No. of ordinary equity shares (added 30,622,783 bonus shares)	336,850,612	336,850,612
Earnings per share (EPS) for the period	0.52	0.52