

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

**RAK Ceramics (Bangladesh) Ltd**  
Consolidated financial statements  
for the period ended 30 June 2010

RAK Ceramics (Bangladesh) Ltd

Balance Sheet (Consolidated) as at 30 June 2010

Amounts in Taka

	Notes	Amounts in Taka	
		At 30 June 2010	At 31 Dec 2009
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	2,982,986,429	2,964,032,730
Intangible Assets	4	100,426,673	101,245,398
Capital work-in-progress	5	40,006,207	176,858,487
Investment in associate companies	6	24,790,000	8,570,000
Investment in securities	7	5,000,000	-
Non-current receivables	8	46,726,377	49,048,484
<b>Total Non-Current Assets</b>		<b>3,199,935,686</b>	<b>3,299,755,099</b>
<b>Current Assets</b>			
Inventories	9	1,347,365,691	1,238,880,970
Trade and other receivables	10	421,586,771	301,887,182
Advance corporate income tax	11	449,111,589	408,021,297
Cash and bank balances	12	1,708,003,917	429,860,281
<b>Total Current Assets</b>		<b>3,926,067,968</b>	<b>2,378,649,730</b>
<b>Total Assets</b>		<b>7,126,003,654</b>	<b>5,678,404,829</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital	13	2,300,735,000	1,855,635,000
Share premium	14	1,530,951,323	-
Retained earnings		1,020,262,154	668,746,405
		4,851,948,477	2,524,381,405
Minority Interests	15	246,289,513	249,972,111
<b>Total shareholders' funds</b>		<b>5,098,237,990</b>	<b>2,774,353,516</b>
<b>Non-Current Liabilities</b>			
Borrowings	16	94,878,618	683,240,346
Provision for employee benefits	17	7,480,965	8,907,441
<b>Total Non-Current Liabilities</b>		<b>102,359,583</b>	<b>692,147,787</b>
<b>Current Liabilities</b>			
Trade and other payables	18	831,520,776	768,975,939
Borrowings - current portion	16	265,877,419	701,281,999
Provision for expenses	19	83,906,711	44,480,478
Provision for corporate income tax	20	628,721,804	467,837,616
Provision for royalty and technical know-how fee		115,379,371	229,327,494
<b>Total Current Liabilities</b>		<b>1,925,406,081</b>	<b>2,211,903,526</b>
<b>Total Equity and Liabilities</b>		<b>7,126,003,654</b>	<b>5,678,404,829</b>

See annexed notes

for RAK Ceramics (Bangladesh) Ltd

Director

Finance Controller

Managing Director

Dhaka, Bangladesh

Dated, 24 July 2010

RAK Ceramics (Bangladesh) Ltd

Income Statement (Consolidated) for the period ended 30 June 2010

		Amounts in Taka				
		For the period January - June 30		For the period April - June 30		
Notes		2010	2009	2010	2009	
	Sales	21	1,985,768,912	1,910,348,882	1,008,699,890	959,392,690
	Less: Cost of Goods Sold	22	1,253,450,896	1,372,512,584	633,257,010	659,835,002
	Gross Profit		732,318,016	537,836,298	375,442,880	299,557,689
	Less: Operating Expenses					
	Administrative expenses	23	67,757,228	35,201,910	35,886,392	18,558,439
	Marketing and selling expenses	24	226,465,475	201,079,915	116,561,347	95,956,021
			294,222,703	236,281,825	152,447,739	114,514,460
	Operating Profit		438,095,313	301,554,473	222,995,140	185,043,229
	Financial expenses	25	81,956,622	100,516,078	40,598,701	54,971,667
			356,138,691	201,038,395	182,396,439	130,071,563
	Other income	26	108,964,007	5,234,075	105,271,757	(2,100,053)
	Net Profit before Tax		465,102,698	206,272,470	287,668,195	127,971,509
	Provision for taxation		160,884,190	81,086,771	76,118,293	51,723,910
	Net Profit after Tax		304,218,508	125,185,699	211,549,903	76,247,599
	Minority interest		(47,297,241)	(4,282,335)	(27,424,056)	(4,282,335)
	Net Profit after Tax and minority interest		351,515,749	129,468,034	238,973,959	80,529,934

See annexed notes

Earnings per share (EPS) for the period 1.53 0.56 1.04 0.35

for RAK Ceramics (Bangladesh) Ltd

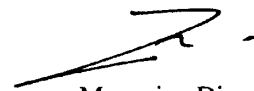
Director



Finance Controller



Managing Director



Dhaka, Bangladesh  
Dated, 24 July 2010

RAK Ceramics (Bangladesh) Ltd

Cash Flow Statement (Consolidated) for the period ended 30 June 2010

	Amounts in Taka	
	Half year ended 30 June 2010	Half year ended 30 June 2009
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	3,554,601,595	2,000,877,419
Cash paid to suppliers and employees	(1,980,116,456)	(1,408,446,203)
Payments for corporate income tax		
Current year	(40,210,135)	(15,774,038)
Prior years	-	(66,266,400)
Net cash from operating activities	<u>1,534,275,004</u>	<u>510,390,778</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(211,806,125)	(1,245,732,643)
Sale of fixed assets	7,606,142	582,000
(Increase)/Decrease in intangible assets	818,724	(20,293,380)
(Increase)/Decrease in work-in-progress	136,852,282	778,876,784
(Increase)/Decrease in non-current assets	2,322,106	45,098,318
Investment in securities	(5,000,000)	-
Investment in subsidiary and associate companies	(18,108,388)	(82,000,000)
Net cash used in investing activities	<u>(87,315,259)</u>	<u>(523,468,921)</u>
<b>Cash Flows from Financing Activities</b>		
Finance charges	(81,956,623)	(100,516,078)
Increase in long term loan	114,524,739	98,232,084
Repayment of term loan	(246,887,255)	(133,492,647)
Receipt of advance against capital	-	55,083,123
Increase in Paid up capital	440,026,500	-
Advance against share capital (MI)	(394,523,471)	100,912,201
Net cash used in financing activities	<u>(168,816,110)</u>	<u>20,218,683</u>
Net Increase/(Decrease) in Cash	1,278,143,635	7,140,540
Opening cash and bank balances	429,860,282	60,302,653
Closing cash and bank balances	<u>1,708,003,917</u>	<u>67,443,193</u>

  
Director

for RAK Ceramics (Bangladesh) Ltd

  
Finance Controller

  
Managing Director

Dhaka, Bangladesh  
Dated, 24 July 2010

RAK Ceramics (Bangladesh) Ltd

Statement of Changes in Equity (Consolidated) for the period ended 30 June 2010

Amounts in Taka

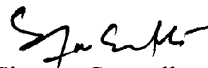
Particulars	Share capital	Share money deposit	Share Premium	Retained earnings	Total
Balance at 01 January 2010	1,855,635,000	-	-	668,746,405	2,524,381,405
Addition during the period (New Shares)	445,100,000	-	1,530,951,323	-	1,976,051,323
Net profit after tax for the period	-	-	-	351,515,749	351,515,749
Balance at 30 June 2010	<u>2,300,735,000</u>	<u>-</u>	<u>1,530,951,323</u>	<u>1,020,262,154</u>	<u>4,851,948,477</u>
Balance at 01 January 2009	648,400,000	508,122,547	-	995,310,065	2,151,832,612
Addition for the period	648,400,000	50,712,453	-	-	699,112,453
Net profit after tax for the period	-	-	-	129,468,034	129,468,034
Issue of bonus shares	-	-	-	(648,400,000)	(648,400,000)
Adjustment relating to prior periods	-	-	-	(2,740,579)	(2,740,579)
Balance at 30 June 2009	<u>1,296,800,000</u>	<u>558,835,000</u>	<u>-</u>	<u>473,637,520</u>	<u>2,329,272,520</u>

for RAK Ceramics (Bangladesh) Ltd

Director



Finance Controller



Managing Director



Dhaka, Bangladesh  
Dated, 24 July 2010

General

1. The Company and Its Activities

RAK Ceramics (Bangladesh) Pvt. Limited (the Company), 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 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 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, 01 July 2004 and 01 September 2007 respectively.

The Company and its subsidiary together are called "Group/consolidated".

2. Significant Accounting Policies

These financial statements have been prepared under historical cost convention in accordance with generally accepted accounting principles as laid down in the International Accounting Standards (IASs)/International Financial Reporting Standards (IFRSs), applicable to the Company so far adopted by the Institute of Chartered Accountants of Bangladesh as Bangladesh Accounting Standards (BASs)/Bangladesh Financial Reporting Standards. The disclosures of information made in accordance with the requirements of the Companies Act 1994 and the Balance Sheet and Income Statement have been prepared according to BAS -1/IAS -1 (presentation of financial statements) based on accrual basis following going concern concept.

These condensed financial statements are prepared in accordance with International Accounting Standard-34 (interim financial reporting) where it is not necessary to disclose full information for a complete set of financial statements as required under IAS -1 (presentation of financial statements).

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the period ended 30 June 2010.

In the preparation of these interim financial statements, management requires information to make judgements, estimate and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimate. Moreover significant judgement made by the management in applying the Company's accounting policies and the key source of information of estimates were the same for the preparation of these interim financial statements as those were applied for the preparation of financial statements as at and for the period ended 30 June 2010.

2.1 Basis of preparation of consolidated financial statements

These financial statements relate to the Company and its subsidiaries. The consolidated financial statements have been prepared on the following basis:

- (i) In respect of subsidiary companies, the financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealised profits/losses on intra-group transactions as per BAS-27/IAS-27 "Consolidated Financial Statements". The results of subsidiaries are included from the date of acquisition of a controlling interest.
- (ii) Minority interest is the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in its subsidiary companies and further movements in their share in equity, subsequent to the dates of investments.
- (iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events is similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2.2 Subsidiaries considered in consolidated financial statements

List of Subsidiary Companies

Name of the Company	Country of incorporation	Percentage of ownership interest
R A K Pharmaceuticals Pvt. Ltd	Bangladesh	55
R A K Power Pvt. Ltd	Bangladesh	57
Classic Procelain Pvt. Limited	Bangladesh	51
R A K Food & Beverage Pvt. Ltd.	Bangladesh	51

2.3 Use of estimate

In the preparation of these financial statements, management requires information to make judgments, estimate and assumption that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimate.

2.4 Investments

Investments in subsidiary and associate companies are recorded in equity method.

2.5 Capital work-in-progress

Capital work-in-progress is recorded at cost to the extent of expenditure incurred at the balance sheet date. The amount of capital work-in-progress is transferred to appropriate asset category and depreciated when the asset is completed and commissioned.

2.6 Intangible assets

Expenditure to acquire designs and trade marks for manufacture of ceramic tiles and sanitary ware is capitalised. This is being amortised equally within a period of two to three years depending upon the tenure of accrual of benefits.

2.7 Accounts receivable

Accounts receivable has been stated at its original invoiced amount after deducting credit balances that have a legally enforceable right to set off or are intended either to be settled.

2.8 Employee retirement benefits

Employee retirement benefits namely, gratuity, provident fund, leave encashment, etc are accounted for on accrual basis of accounting.

2.9 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 goods to the buyer and revenue and costs incurred to effect the transaction can be measured reliably in compliance with the requirements of BAS -18/IFRS-7 (revenue).

2.10 Borrowing cost

In compliance with the requirement of BAS-23 (borrowing cost), borrowing cost relating to operational period of long term loans, short term loans and overdraft facilities was charged to revenue account as an expense as incurred.

2.11 Property, plant and equipment

Property, plant and equipment are stated in attached Balance Sheet at cost less accumulated depreciation in accordance with BAS-16/IFRS-8. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment.

Upon disposal of items of property, plant and equipment, the cost of those assets and their related accumulated depreciation are eliminated up to the date of disposal and any gains or losses therefrom are reported in the income statement of that year.

2.12 Depreciation on fixed assets

Depreciation on fixed assets is charged on straight line method.

Depreciation continues to be charged on each item of fixed assets until the written down value of such fixed asset is reduced to taka one.

Depreciation on addition to fixed assets is charged from the month following their acquisition and charging of depreciation on item ceases from the month on which the deletion thereof takes place

Rates of depreciation on various classes of fixed assets are as under:

<u>Category of fixed asset</u>	<u>Rate (%)</u>
Factory building	2.5-5
General building	2.5-20
Head Office building	2.5-5
Plant and machinery	5- 6.67
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixtures and fittings	10
Office equipment	10-33.33
Communication equipment	10
Fire fighting equipments	20
Tools and appliances	10
Vehicles	10-20

Land is not depreciated as it deemed to have an infinite life.

2.13 Taxation

Provision for corporate income tax is made @ 27.5% on estimated taxable income in accordance with income tax laws. Corporate income tax assessment of the Company is completed upto the assessment year 2007-08. Corporate income tax returns for the assessment year 2008-2009 and 2009-2010 were filed under section 82 BB (1) of the Income Tax Ordinance 1984 where it is assumed to be assessed on filing of such returns.

2.14 Valuation of inventories

Inventories are stated at lower of cost and net realisable value in compliance with the requirements of paras 21 and 25 of BAS-2/IFRS-6 (inventories).

Finished products:

Finished products are stated at lower of cost and net realisable value. Cost comprises cost of raw materials, wages and other direct costs those contribute in transforming raw materials into finished products. Cost is calculated using the weighted average method. Net realisable value is arrived at after deducting cost to sell from selling prices of various items.

Work-in-process:

Work-in-process is stated at cost to complete the respective product. Cost comprises cost of raw materials, wages and other overheads upto the stage of completion.

Raw materials and consumable spare parts :

Raw materials and consumable spare parts are stated at weighted average cost.

Inventories are tested for obsolesces and impairment at end of the year. Corresponding provisions are being made in the books of account, if required.



2.15 Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

2.16 Contingent liabilities

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A Provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and in respect of which a reliable estimate can be made. Provision is not discounted and is determined based on best estimate required to settle the obligation at the yearend date. Contingent assets are not recognised or disclosed in these financial statements.

2.17 Share issue expenses

Expenses incurred on issue of shares/IPO was set-off against share premium as per IAS 32 of financial instrument.

2.18 Creditors and accruals

Liabilities are recorded at the level of estimated amount payable in settlement.

2.19 Foreign currency translation

Foreign currency transactions are recorded in BDT at applicable rates of exchange ruling at the dates of transactions in accordance with BAS-21/IAS-21 (the effects of changes in foreign exchange rates). Exchange difference at the balance sheet date are charged / credited to income statement.

2.20 Earnings per share

Calculation of earning per share (EPS):	Amounts in Taka	
	Quarter ended 30 June 2010	Quarter ended 30 June 2009
Net profit after tax	351,515,749	129,468,034
Number of ordinary shares	230,073,500	230,073,500
EPS for the year	1.53	0.56

2.21 Related party disclosure under IAS-24

- a) List of related parties with whom transactions have taken place and their relationship as identified and certified by

Name of related party	Nature of business	% of holding	Country of incorporation	Amount/Taka
RAK Pharmaceuticals Pvt. Ltd	Pharmaceuticals business	55	Bangladesh	257,694,800
RAK Power Pvt. Ltd	Electricity generation	57	Bangladesh	116,850,000
Classic Porcelain Pvt. Limited	Manufacturing of Tableware	51	Bangladesh	5,100,000
RAK Food & Beverage Pvt. Ltd.	Food & Beverage Producer	51	Bangladesh	1,020,000
RAK Security & Services Pvt. Ltd	Security service provider	35	Bangladesh	350,000
RAK Paints Pvt. Ltd.	Paints Manufacturing	40	Bangladesh	20,000,000
RAK Moshfly (Bangladesh) Pvt. Ltd.	Manufacturing of Pesticides	20	Bangladesh	4,440,000

- b) Transaction with related parties:

<u>Nature of transaction</u>	<u>Amount/Taka</u>
Purchase of goods/services	85,295,728
Sale of goods/services	595,745
Outstanding receivables	1,986,196
Outstanding payable	900,244

2.22 Contingent liabilities and commitments

	Amounts in Taka	
	At 30 June 2010	At 31 Dec 2009
Letters of guarantee	34,375,634	286,691,657
Letters of credit/LCA	342,170,447	434,812,768
VAT demand pending assessment	57,645,112	79,147,410
Income Tax	-	24,898,030
Total	434,191,193	825,549,865

2.23 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances, term deposits, etc which are available for use by the Company without any restrictions. There is no significant risk of change in value of the same.

2.24 Post balance sheet events

No material events occurred after the reporting date, non-disclosure of which could effect the ability of the users of these financial statements to make appropriate evaluation.

2.25 Others

2.25.1 These notes form an integral part of the annexed financial statements and accordingly are to be read in conjunction therewith.

2.25.2 Figures in these notes and annexed financial statements have been rounded off to the nearest Taka.

2.25.3 Previous year's figures have been regrouped and/or rearranged wherever considered necessary for the purpose of current period's presentation.

RAK Ceramics (Bangladesh) Ltd  
Notes to financial statements for the period ended 30 June 2010

3. Property, Plant and Equipment

Amounts in Taka

Particulars	C O S T				D E P R E C I A T I O N				Net book value at 30 June 2010	
	Balance at 01 Jan 2010	Additions	Sale/ disposal	Total at 30 June 2010	Rate (%)	To 01 Jan 2010	Charge for the year	Adjustment		Total to 30 June 2010
Land	194,381,142	4,180,000	-	198,561,142		-	-	-	-	198,561,142
Factory building	616,473,473	52,115,622	(7,523,642)	661,065,453	2.5-5	114,541,629	14,833,131	(360,096)	129,014,664	532,050,789
Factory office building	53,894,621	9,148,816	-	63,043,437	2.5-20	18,842,488	1,415,457	-	20,257,945	42,785,493
Head office building	167,080,240	135,105	-	167,215,345	2.5-5	13,386,352	3,311,236	-	16,697,588	150,517,757
Plant and machinery	2,928,047,069	140,788,049	-	3,068,835,118	5-6.67	1,163,092,527	139,946,328	-	1,303,038,855	1,765,796,263
Mobile plant	87,848,314	-	-	87,848,314	10	28,021,726	4,356,313	-	32,378,039	55,470,275
Electrical installation	211,935,531	-	-	211,935,531	10-20	67,044,095	11,067,694	-	78,111,789	133,823,742
Gas pipeline	42,550,307	-	-	42,550,307	10-20	23,893,048	2,759,319	-	26,652,367	15,897,940
Furniture and fixtures	44,901,362	856,151	-	45,757,513	10	8,445,427	2,257,648	-	10,703,075	35,054,438
Office equipment	22,406,534	2,081,620	-	24,488,154	10-33.33	6,659,506	2,061,851	-	8,721,357	15,766,797
Communication equipment	1,865,898	-	-	1,865,898	10	1,095,596	92,528	-	1,188,124	677,774
Tools and appliances	6,371,471	69,565	-	6,441,036	10	1,866,547	316,286	-	2,182,833	4,258,203
Vehicles	30,738,562	1,052,597	(82,500)	31,708,659	10-20	11,490,675	1,709,681	(69,323)	13,131,033	18,577,625
Fire fighting equipments	15,366,896	1,378,600	-	16,745,496	20	1,449,071	1,548,232	-	2,997,303	13,748,193
Total at 30 June 2010	4,423,861,418	211,806,125	(7,606,142)	4,628,061,401		1,459,828,687	185,675,704	(429,419)	1,645,074,972	2,982,986,429
Total at 31 December 2009	3,329,732,467	1,164,434,089	(70,305,138)	4,423,861,418		1,161,908,379	341,062,648	(43,142,340)	1,459,828,687	2,964,032,730

Details of disposal of fixed assets for the period ended 30 June 2010:

Particulars	Amount in Taka			Net book value
	Year of purchase	Original cost	Accumulated depreciation	
Roofing sheet for tiles raw material godown	2009	7,019,716.30	337,523.00	6,682,193
Raw material godown roofing sheet	2009	503,926	22,573	481,353
Motor Cycle	2010	82,500	69,323	13,177
Total		7,606,142	429,419	7,176,723

	Amounts in Taka	
	At	At
	30 June 2010	31 Dec 2009
<b>4. Intangible Assets</b>		
Opening balance	101,245,398	13,494,603
<u>Add: Additions during the year</u>	<u>6,284,719</u>	<u>100,977,264</u>
	107,530,116	114,471,867
<u>Less: Adjustment</u>	<u>-</u>	<u>5,797,997</u>
<u>Less: Amortisation</u>	<u>7,103,443</u>	<u>7,428,472</u>
Closing balance	<u>100,426,673</u>	<u>101,245,398</u>
The above amount represents costs of various licenses which are being amortised over 2-3 years from the date of their expenses.		
<b>5. Capital Work-in-Progress</b>		
Heavy equipment and machinery	28,577,762	113,664,823
Building	11,428,445	63,193,664
	<u>40,006,207</u>	<u>176,858,487</u>
<b>6. Investment in Associate Companies</b>		
RAK Security & Services Pvt. Ltd	350,000	1,050,000
RAK Paints Pvt. Ltd	20,000,000	7,500,000
RAK Moshfly (Bangladesh) Pvt. Ltd	4,440,000	20,000
	<u>24,790,000</u>	<u>8,570,000</u>
<b>7. Investment in Securities</b>		
Investment in Shares	<u>5,000,000</u>	<u>-</u>
<b>8. Non-Current Receivables</b>		
Deposits	22,641,983	22,237,520
Preliminary expenses	1,015,876	1,035,316
Pre operating expenses	17,107,804	19,485,797
Others (note 8.1)	5,960,715	6,289,852
	<u>46,726,377</u>	<u>49,048,484</u>
<b>8.1 Others</b>		
Deposited with Customs and Vat Authority :		
VAT penalty pending adjustment	657,660	657,660
VAT paid against disputed demand	803,055	803,055
VAT Penalty Pending Adjustment	4,500,000	-
Share issue expenses	-	4,829,137
	<u>5,960,715</u>	<u>6,289,852</u>
<b>9. Inventories</b>		
Raw materials	610,989,889	517,740,121
Stores and consumables spares	600,858,532	574,851,060
Finished goods	93,452,131	104,634,061
Work-in-process	29,026,222	34,331,614
Goods-in-transit	13,038,917	7,324,115
	<u>1,347,365,691</u>	<u>1,238,880,970</u>

	Amounts in Taka	
	At 30 June 2010	At 31 Dec 2009
<b>10. Trade and Other Receivables</b>		
Trade receivables	282,231,756	142,711,578
Advance to suppliers	50,899,469	81,016,957
Prepaid expenses	45,784,414	39,672,789
Other advances (note 10.1)	42,671,132	38,485,857
	<u>421,586,771</u>	<u>301,887,182</u>
<b>10.1 Other advances</b>		
Taxes and duties (VAT and SD current account balance)	23,876,602	25,675,695
Employee advance and imprest account	12,118,319	7,311,505
Current account with RAK Ceramics PSC, UAE	-	1,455,000
Claim receivable	4,165,502	3,841,550
Others	2,510,709	202,107
	<u>42,671,132</u>	<u>38,485,857</u>
<b>11. Advance Corporate Income Tax</b>		
TDS on Import	166,968,193	147,627,922
TDS on Export	349,611	341,444
TDS on Supply	119,221	119,221
TDS on Interest on bank deposit	11,935,067	3,262,709
Advance income tax - paid	269,739,497	256,670,000
	<u>449,111,589</u>	<u>408,021,297</u>
<b>12. Cash and Bank Balances</b>		
Cash in hand	3,558,913	6,726,256
Bank balances in		
Current accounts	23,108,797	12,131,778
Short-term deposit account	900,127,449	1,315,912
Export retention account	2,645,453	2,058,722
Margin money deposit account	5,184,437	1,574,220
PPO escrow account	608,408	401,465,742
Fixed deposit	541,175,212	4,587,651
Foreign Currency account (for refund)	231,595,249	-
	<u>1,708,003,917</u>	<u>429,860,281</u>

Notes to financial statements for the period ended 30 June 2010

	Amounts in Taka			
	At		At	
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
<b>13. Share Capital</b>				
<u>Authorised capital</u>				
300,000,000 ordinary shares of Taka 10 each			3,000,000,000	3,000,000,000
<u>Issued, subscribed, called and paid up capital</u>				
230,073,500 ordinary shares of Taka 10 each			2,300,735,000	1,855,635,000
<u>Particulars of shareholdings are as follows</u>				
	Volume of shares		Value of shares	
<u>Name of shareholder</u>	At	At	At	At
	30 June 2010	31 Dec 2009	30 June 2010	31 Dec 2009
R.A.K. Ceramics PSC, UAE	167,007,050	167,007,050	1,670,070,500	1,670,070,500
Mr. S.A.K. Ekramuzzaman	18,556,350	18,556,350	185,563,500	185,563,500
HH Sheikh Saud Bin Saqr Al Qassimi	20	20	200	200
Mr. Sheikh Omer Bin Saqr Al Qassimi	20	20	200	200
Mr. Sheikh Ahmad Bin Humaid al Qassimi	20	20	200	200
Mr. Hamad Abdulla Al Muttawa	10	10	100	100
Dr. Khater Massaad	10	10	100	100
Mr. Abdullah Massaad	10	10	100	100
Mr. Manoj Aheeray	10	10	100	100
Eligible Institutional Investor	16,027,000	-	160,270,000	-
Employees	875,000	-	8,750,000	-
General Public	27,608,000	-	276,080,000	-
	<u>230,073,500</u>	<u>185,563,500</u>	<u>2,300,735,000</u>	<u>1,855,635,000</u>
<b>14. Share Premium</b>				
Opening Balance			-	-
Add: Received during the period			1,611,380,000	-
Less: Adjustment of Share issue expenses			(80,428,677)	-
Closing Balance			<u>1,530,951,323</u>	-
<b>15. Minority Interests</b>				
Share of loss			(47,297,241)	(4,282,335)
Equity			293,586,754	254,254,446
			<u>246,289,513</u>	<u>249,972,111</u>

	Amounts in Taka	
	At	At
	30 June 2010	31 Dec 2009
<b>16. Borrowings</b>		
Non-current:		
Term loan	266,513,912	994,373,523
Current portion of term loan	(171,635,294)	(311,133,177)
	<u>94,878,618</u>	<u>683,240,346</u>
Current:		
Bank overdrafts	69,782,089	62,490,227
Short-term borrowings	24,460,035	327,658,595
Current portion of term loan	171,635,294	311,133,177
	<u>265,877,419</u>	<u>701,281,999</u>
	<u>360,756,037</u>	<u>1,384,522,345</u>

16.1 Borrowings by maturity

At 30 June 2010	Amounts in Taka				Total
	< 1 year	1-2 years	2-5 years	> 5 years	
Bank overdrafts	69,782,089	-	-	-	69,782,089
Short-term loans	24,460,035	-	-	-	24,460,035
Term loans and others	171,635,294	66,099,386	26,922,903	1,856,329	266,513,912
	<u>265,877,419</u>	<u>66,099,386</u>	<u>26,922,903</u>	<u>1,856,329</u>	<u>360,756,037</u>
At 31 Dec 2009	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	21,836,015	-	-	-	21,836,015
Short-term loan	296,002,158	-	-	-	296,002,158
Term loans and others	383,443,826	372,311,628	202,915,972	108,012,746	1,066,684,172
	<u>701,281,999</u>	<u>372,311,628</u>	<u>202,915,972</u>	<u>108,012,746</u>	<u>1,384,522,345</u>




	Amounts in Taka	
	At 30 June 2010	At 31 Dec 2009
<b>17. Provision for Employee Benefits</b>		
Opening balance	8,907,441	7,809,980
Add: Charged for the year	9,369,655	17,591,266
Less: Payments made during the year	(10,791,331)	(15,825,434)
Advance paid to the fund	(4,800)	(668,371)
Closing balance	<u>7,480,965</u>	<u>8,907,441</u>
<p>This includes provision made for employer's contribution to provident fund, gratuity and leave encashment which is payable within the service life of each employee and/or after his/her retirement as per terms of employment of service.</p>		
<b>18. Trade and Other Payables</b>		
Trade payables	295,407,935	358,883,824
Income tax and VAT deducted at source	7,840,341	8,728,617
Security deposit & other payables	2,939,650	1,363,498
Share Money Deposit	525,332,850	400,000,000
	<u>831,520,776</u>	<u>768,975,939</u>
<b>19. Provision for Expenses</b>		
Power and gas	22,176,741	20,515,659
Staff cost	27,330,659	20,746,199
Audit fees	450,000	226,178
Taxation matter	-	435,000
Interest on loans	512,294	1,898,320
Telephone	282,207	214,618
Share issue Expenses	31,663,365	-
Others	1,491,445	444,504
	<u>83,906,711</u>	<u>44,480,478</u>
<b>20. Provision for Corporate Income Tax</b>		
Year 2010	160,884,189	-
Year 2009	207,143,340	207,143,340.49
Year 2008	85,378,847	85,378,847.75
Year 2007	80,163,573	80,163,573.00
Year 2006	89,730,898	89,730,898.45
Year 2005	5,242,907	5,242,906.80
Year 2004	20,925	20,925.00
Year 2003	45,563	45,562.50
Year 2002	111,563	111,562.50
	<u>628,721,804</u>	<u>467,837,616.49</u>

	Amounts in Taka			
	For the period January - June 30		For the period April - June 30	
	2010	2009	2010	2009
21. <u>Sales</u>				
Gross sales (Local)	2,513,527,880	2,317,245,589	1,285,224,992	1,170,944,887
Gross sales (Export)	5,259,944	5,980,645	1,990,852	4,341,805
Sales Total	2,518,787,824	2,323,226,234	1,287,215,844	1,175,286,692
Less: SD	201,769,875	106,998,980	106,810,641	59,533,113
VAT	331,249,037	305,878,371	171,705,313	156,360,888
Net sales	1,985,768,912	1,910,348,882	1,008,699,890	959,392,690
22. <u>Cost of Sales</u>				
Raw materials	538,142,026	641,655,906	272,950,139	310,756,161
Direct labour	77,950,259	62,389,997	39,705,803	30,499,000
Direct expenses:				
Power and gas	143,613,367	98,659,195	71,073,944	51,683,740
Repairs and indirect materials	169,810,358	165,692,456	91,419,239	82,151,877
Moulds and punches	18,467,394	16,762,303	10,340,634	8,725,976
Depreciation	156,424,214	137,221,147	78,694,109	81,095,463
Royalty and technical know-how/assistance fees	115,379,371	114,620,933	58,211,310	57,563,561
Other production overhead	17,176,585	9,284,711	10,203,458	4,683,198
Movement in stock	16,487,321	126,225,936	658,374	32,676,025
	1,253,450,896	1,372,512,584	633,257,010	659,835,002
23. <u>Administrative Expenses</u>				
Staff cost	26,860,884	15,929,935	14,132,859	8,106,359
Telephone, postage and supplies	2,074,308	1,309,653	1,141,910	790,485
Office repair and maintenance	5,023,834	2,899,029	2,585,077	826,836
Registration and renewal	1,004,090	324,274	242,204	19,633
Security and guard expenses	2,055,292	2,214,973	1,015,124	985,525
Depreciation	15,008,681	6,753,520	7,613,741	4,051,868
Amortisation	7,103,443	466,166	3,476,426	466,166
Legal and professional fees	790,265	347,847	511,765	215,000
Vehicle repair and maintenance	4,312,296	2,944,689	3,029,024	1,374,483
Rent rate and tax	1,222,424	1,175,754	425,790	896,614
Others	2,301,712	836,070	1,712,474	825,470
	67,757,228	35,201,910	35,886,392	18,558,439
24. <u>Selling Expenses</u>				
Staff cost	36,289,977	3,963,401	19,636,190	1,990,886
Advertisement	5,467,425	1,425,678	2,929,113	916,930
Freight and transportation	54,673,278	49,596,611	28,743,526	24,570,546
Performance rebates	90,620,569	139,595,712	45,577,636	65,487,482
Business promotion	28,379,558	2,472,088	15,356,251	374,369
Travel, entertainment and others	11,034,667	4,026,425	4,318,632	2,615,808
	226,465,475	201,079,915	116,561,347	95,956,021

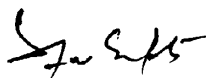
RAK Ceramics (Bangladesh) Ltd

Notes to financial statements for the period ended 30 June 2010

	Amounts in Taka			
	For the period January - June 30		For the period April - June 30	
	2010	2009	2010	2009
25. <u>Financial Expenses</u>				
Interest expenses	77,559,267	99,653,897	38,856,759	54,541,618
Bank charges	4,397,356	862,181	1,741,943	430,048
	<u>81,956,622</u>	<u>100,516,078</u>	<u>40,598,701</u>	<u>54,971,667</u>
26. <u>Other income</u>				
Interest income	88,562,828	979,119	86,651,562	755,961
Other income	7,487,750	-	7,487,750	-
Profit on sale of fixed assets	-	103,661	-	-
Foreign Exchange gain	12,913,430	4,151,295	11,132,445	(2,856,014)
	<u>108,964,007</u>	<u>5,234,075</u>	<u>105,271,757</u>	<u>(2,100,053)</u>
27. <u>Minority Interest</u>	<u>(47,297,241)</u>	<u>(4,282,335)</u>	<u>(27,424,056)</u>	<u>(4,282,335)</u>

Director 

for R A K Ceramics (Bangladesh) Ltd



Finance Controller



Managing Director

Dhaka, Bangladesh  
Dated, 24 July 2010