

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 2012

	Notes	Amounts in Taka	
		At 31 Mar 2012	At 31 Dec 2011
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	3,189,151,277	2,725,576,102
Intangible Assets	4	113,328,770	113,928,723
Capital work-in-progress	5	35,511,479	36,578,205
Investment in associate companies	6	131,608,550	82,955,354
Investment in shares	7	2,840,245	3,176,995
Non-current receivables	8	41,910,160	43,179,796
Total Non-Current Assets		3,514,350,481	3,005,395,175
Current Assets			
Inventories	9	1,711,750,818	1,658,062,569
Trade and other receivables	10	622,519,816	672,817,194
Advance corporate income tax	11	1,054,149,581	948,002,438
Cash and bank balances	12	1,156,626,910	1,442,035,679
Total Current Assets		4,545,047,125	4,720,917,880
Total Assets		8,059,397,606	7,726,313,055
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	13	2,530,808,500	2,530,808,500
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,476,423,624	1,318,178,608
Total shareholders' funds		5,480,880,103	5,322,635,087
Non-Controlling Interests	15	146,930,462	173,866,834
Non-Current Liabilities			
Borrowings	16	29,678,498	32,931,914
Total Non-Current Liabilities		29,678,498	32,931,914
Current Liabilities			
Provision for employee benefits	17	7,010,535	13,188,267
Trade and other payables	18	611,631,687	545,375,977
Borrowings - current portion	16	138,375,885	148,621,814
Provision for expenses	19	200,255,421	163,185,614
Provision for corporate income tax	20	1,175,289,885	1,085,466,420
Provision for royalty and technical know-how fees	21	134,703,332	106,399,330
Deferred tax liabilities	22	134,641,798	134,641,798
Total Current Liabilities		2,401,908,543	2,196,879,220
Total Equity and Liabilities		8,059,397,606	7,726,313,055

See annexed notes

for RAK Ceramics (Bangladesh) Ltd


Finance Controller


Managing Director

Dhaka, Bangladesh

Dated, 7 May 2012

RAK Ceramics (Bangladesh) Ltd

Statement of Comprehensive Income (Consolidated) for the period ended 31 March 2012

	Notes	Amounts in Taka	
		Period ended 31 Mar 2012	Period ended 31 Mar 2011
Sales	23	1,206,415,959	1,123,089,746
Less: Cost of Goods Sold	24	726,430,743	652,005,737
Gross Profit		479,985,216	471,084,009
Less: Operating Expenses			
Administrative expenses	25	85,213,487	100,696,367
Marketing and selling expenses	26	167,528,124	155,257,882
		252,741,611	255,954,249
Operating Profit		227,243,605	215,129,760
Financial expenses	27	12,650,191	10,599,640
		214,593,414	204,530,120
Other income	28	4,168,696	38,978,194
Net Profit before Tax		218,762,110	243,508,314
Income tax expenses			
Current tax		89,823,465	90,457,515
		89,823,465	90,457,515
Net Profit after Tax		128,938,645	153,050,799
Non-Controlling Interest		29,306,371	34,084,717
Net Profit after Tax and Non-Controlling Interest		158,245,016	187,135,516
Earnings per share (EPS) for the period	2.25	0.63	0.74

See annexed notes

for RAK Ceramics (Bangladesh) Ltd


Finance Controller


Managing Director

Dhaka, Bangladesh
Dated, 7 May 2012

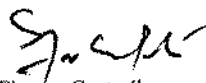
RAK Ceramics (Bangladesh) Ltd

Statement of Changes in Equity (Consolidated) for the period ended 31 March 2012

Amounts in Tak:

Particulars	Share capital	Share Premium	Retained earnings	Total
Balance as at 01 January 2012	2,530,808,500	1,473,647,979	1,318,178,608	5,322,635,087
Net profit after tax for the period	-	-	158,245,016	158,245,016
Balance as at 31 March 2012	<u>2,530,808,500</u>	<u>1,473,647,979</u>	<u>1,476,423,624</u>	<u>5,480,880,103</u>
Balance as at 01 January 2011	2,300,735,000	1,473,647,979	1,136,409,713	4,910,792,692
Net profit after tax for the period	-	-	187,135,516	187,135,516
Cash Dividend (15%)	-	-	(345,110,250)	(345,110,250)
Stock Dividend (10%)	230,073,500	-	(230,073,500)	-
Balance as at 31 March 2011	<u>2,530,808,500</u>	<u>1,473,647,979</u>	<u>748,361,479</u>	<u>4,752,817,958</u>

for RAK Ceramics (Bangladesh) Ltd.



Finance Controller



Managing Director

Dhaka, Bangladesh

Dated, 7 May 2012

RAK Ceramics (Bangladesh) Ltd

Statement of Cash Flows (Consolidated) for the period ended 31 March 2012

	Amounts in Taka	
	Period ended 31 Mar 2012	Period ended 31 Mar 2011
Cash Flows from Operating Activities		
Cash received from customers	1,241,691,641	1,087,908,534
Cash paid to suppliers and employees	(814,706,676)	(888,327,522)
Other income	1,113,820	-
Interest on bank deposit	44,397	9,210,799
Exchange gain/(loss)	(6,747,451)	(6,401,776)
Interest paid	(5,159,404)	(3,856,819)
Other bank charges	(743,336)	(341,045)
Payments for corporate income tax		
Current period	(106,147,143)	(65,718,534)
Net cash from operating activities	<u>309,345,848</u>	<u>132,473,638</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(554,902,420)	(13,452,598)
Sale of property, plant and equipment	1,232,076	198,249
Intangible assets	(1,511,662)	(2,166,718)
Capital work-in-progress	1,066,726	(39,836,217)
Non-current receivables	1,269,636	1,219,635
(Investment)/disinvestment in shares	336,750	38,057
Investment in associates companies	(70,000,000)	-
Dividend income	350,000	280,000
Collection from non-controlling interests	2,370,000	(8,815,000)
Net cash used in investing activities	<u>(619,788,894)</u>	<u>(62,534,592)</u>
Cash Flows from Financing Activities		
Interest received on FDR's	38,923,662	9,360,477
Avail/(repayment) of term loan	(3,253,416)	(657,599)
Avail/(repayment) of short-term loan	(10,245,929)	6,873,868
Issuance of new shares	-	-
Dividend paid	(132,300)	(21,371,012)
Share money deposits	(257,740)	(12,167,497)
Share premium	-	-
Net cash from/(used in) financing activities	<u>25,034,277</u>	<u>(17,961,763)</u>
Net Increase/(Decrease) in Cash	(285,408,769)	51,977,282
Opening cash and cash equivalents	1,442,035,679	1,487,659,903
Closing cash and cash equivalents	<u>1,156,626,910</u>	<u>1,539,637,185</u>

for RAK Ceramics (Bangladesh) Ltd


Finance Controller


Managing Director

Dhaka, Bangladesh
Dated, 7 May 2012

General

1. The Company and Its Activities

RAK Ceramics (Bangladesh) Ltd (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. It was converted into public limited on 10 June 2008 after observance of required corporate formalities as per laws. The name of the company was thereafter changed to RAK Ceramics (Bangladesh) Limited as certificate issued by the registrar of Joint Stock Companies dated 11 February 2009. The company got listed with the 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 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 (BFRS). The disclosures of information made in accordance with the requirements of the Companies Act 1994 and the Statement of Financial Position and Statement of Comprehensive Income have been prepared according to BAS-1/IAS-1 (presentation of financial statements) on accrual basis following going concern concept.

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) Non-controlling interest is the net assets of consolidated subsidiaries consists of the amount of equity attributable to the non-controlling shareholders at the dates on which investments are made by the Company in its subsidiary companies and further movements in their shares 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 in 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 subsidiary	Nature of business	Country of incorporation	% of ownership	Date of incorporation
RAK Pharmaceuticals	Pharmaceuticals business	Bangladesh	55	29 June 2005
RAK Power Pvt. Ltd	Electricity generation	Bangladesh	57	23 June 2005
Classic Porcelain Pvt. Ltd	Tableware products	Bangladesh	51	19 August 2009
RAK Food & Beverage Pvt. Ltd	Food and beverage products	Bangladesh	51	19 August 2009

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

a) Investments in associate companies are recorded as per equity method IAS-28/BAS-28. Details of such investments are as shown as under:

Name of associates	Nature of business	% of holding	No. of share hold	Investment/ Taka	Current period share of profit/(loss) /Taka	Cumalitive profit/(loss) till date /Taka	Net investment /Taka
RAK Security & Services Pvt. Ltd	Security service provider	35	3,500	350,000	1,562,480	2,570,259	2,920,259
RAK Prints Pvt. Ltd	Paints manufacturing	40	200,000	190,000,000	(20,726,342)	(76,094,146)	113,905,854
RAK Mosfly (Bangladesh) Pvt. Ltd	Pesticides manufacturing	20	44,400	19,250,000	(2,182,942)	(4,467,563)	14,782,437

b) Investment in subsidiaries has been accounted for as per BFRS-3 'Business Combination'. The investment is eliminated in full against the equity of acquiree measured at fair value at the date of acquisition. Investment and loans and advance to subsidiaries are shown as under:

Name of subsidiaries	equity %	No. of share hold	Investment/ Taka	Share of profit / (loss)/Taka	Loan outstanding Taka.	Interest charged Taka	Security status
RAK Pharmaceuticals Pvt. Ltd	55	25,769,480	439,020,800	(43,044,905)	500,000,000	17,757,843	No collateral
RAK Power Pvt. Ltd	57	1,168,500	116,850,000	8,074,880	56,466,679	2,084,450	No collateral
Classic Porcelain Pvt. Limited	51	51,000	5,100,000	(179,393)	-	-	-
RAK Food & Beverage Pvt. Ltd.	51	10,200	1,020,000	(7,319)	-	-	-

2.5 Capital work-in-progress

Capital work-in-progress is recorded at cost to the extent of expenditure incurred at the date of Statement of Financial Position. The amount of capital work-in-progress is transferred to appropriate asset category and depreciated when the asset is completed and commissioned. None of interest included under capital work in progress in the period ended 31 March 2012.

2.6 Intangible assets

Expenditure to acquire designs development, brand, trade marks and various licenses cost for manufacturing of ceramic tiles, sanitary ware and pharmaceutical products is capitalised. This is being amortised equally within a period of fifteen 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 those have legally enforceable right to set off or are intended either to be settled.

2.8 Employee retirement benefits

The Company, for its permanent employees, operates a scheme of contributory provident fund. The provident fund is administered by a Board of Trustees and is funded by contributions from the employees equally matched by the Company at predetermined rates. The contributions are invested separately from the Company's assets.

Permanent employees are also 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.

2.9 Revenue recognition

Revenue is measured at fair value of consideration received or receivable. Revenue from sale of goods/supplies 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/IAS-18 (Revenue).

2.10 Borrowing costs

In compliance with the requirement of BAS-23 (Borrowing costs), borrowing costs 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 Statement of Financial Position at cost less accumulated depreciation in accordance with BAS-16/IAS-16. 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 statement of comprehensive income of that period.

2.12 Depreciation on property, plant and equipment

Depreciation on property, plant & equipment is charged following straight-line method. Depreciation continues to be charged on each item of property, plant and equipment until the written down value of such fixed asset is reduced to Taka one. 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.

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

<u>Category of property, plant and equipment</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	10-12.5
Fire fighting equipment	20
Tools and appliances	10
Vehicles	10-20

Land is not depreciated as it deemed to have an infinite life and all the land are free-hold including subsidiaries. Buildings belongs on free-hold land.

2.13 Taxation

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. Provision for corporate income tax is made following the tax rate applicable for a publicly-traded company.

Deferred tax:

The Company has adopted deferred tax accounting policy as required in BAS-12/IAS-12 "income taxes". Accordingly deferred tax assets/liabilities is accounted for on all temporary timing differences arising from the tax base of the assets and liabilities and their carrying value for financial reporting purpose which is accounted for at end of the year.

2.14 Valuation of inventories

Inventories are stated at lower of cost and net realisable value in compliance with the requirements of para 9 of BAS-2/IAS-2 (inventories).

Raw materials and consumable spare parts :

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

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

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.

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.

2.15 Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each Statement of Financial Position 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 year end date. Contingent assets are not recognised or disclosed in these financial statements.

Details are given in note no. 2.23

2.17 Lease assets

The Company has no leased assets and as such no payments were made thereagainst during the period 2012.

2.18 Statement of Cash Flows

Statement of Cash Flows are prepared under direct method in accordance with BAS-7/IAS-7 "statement of cash flows" as required by the Securities and Exchange Rules 1987.

2.19 Creditors and accruals

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

2.20 Foreign currency transactions

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 statement of financial position date are charged / credited to statement of comprehensive income.

2.21 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.

2.22 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 management:

Name of related party	Relationship
RAK Pharmaceuticals Pvt. Ltd	Subsidiary
RAK Power Pvt. Ltd	Subsidiary
Classic Porcelain Pvt. Ltd	Subsidiary
RAK Food & Beverage Pvt. Ltd	Subsidiary
RAK Security & Services Pvt. Ltd	Associates
RAK Paints Pvt. Ltd.	Associates
RAK Mosfly (Bangladesh) Pvt. Ltd	Associates
Kea Printing and Packaging Industries	Other related party
Palli Properties Pte. Ltd	Other related party
Sky Bird Travel Agents Pvt. Ltd	Other related party
Green Planet Communications Pvt. Ltd	Other related party
Speedway International Pvt. Ltd	Other related party
Mohammed Foods and Allied Ltd	Other related party
Global Business Associates (P) Ltd	Other related party
Mohammed Trading	Other related party
S A K Ekramuzzaman	Key management personnel
Md. Amir Hossain	Key management personnel

b) Transaction with related parties:

Nature of transaction	Subsidiary	Associate	Key management Personnel	Other related party
Purchase of goods/services	55,185,839	9,781,956	-	60,941,322
Sale of goods/services	1,369,565	2,918	-	531,313,959
Outstanding receivable	35,000,800	-	-	373,471,895
Outstanding payable	18,807,816	2,684,008		21,637,561
Remuneration	-	-	10,062,428	-
Loan	556,466,679	-	-	-
Interest receivable	103,181,236	-	-	-

Amounts in Taka

	Amounts in Taka	
	At 31 Mar 2012	At 31 Mar 2011
2.23 Contingent liabilities and commitments		
Letters of guarantee	38,606,012	68,694,777
Letters of credit/LCA	473,710,220	298,025,581
VAT	107,335,271	85,065,817
Income tax	136,764,396	33,176,448
	<u>756,415,899</u>	<u>484,962,623</u>

Out of the above, an amount of Taka. 5,960,715 was paid under protest against VAT demand and Taka 49,489,322 was paid as advance income tax against the said income tax demand.

2.24 Segment reporting

Details of product-wise segment reporting as required by BFRS-8 (operating segments) are shown in [Annex I](#).

2.25 Earnings per share (EPS)

	Amounts in Taka	
	At 31 Mar 2012	At 31 Mar 2011
Calculation of earnings per share (EPS) is as under:		
Net profit after tax	158,245,016	187,135,516
Number of ordinary shares	253,080,850	253,080,850
Weighted average number of ordinary shares outstanding	253,080,850	253,080,850
Earnings per share (EPS) for the period	0.63	0.74

2.26 Events after the reporting period

No events, adjusting or non-adjusting occurred after the date of Statement of Financial Position which require adjustment or disclosure.

2.27 Others

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

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

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

RAK Ceramics (Bangladesh) Ltd
Notes to consolidated financial statements for the period ended 31 March 2012

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 31 Mar 2012	
	Balance at 01 Jan 2012	Additions	Sale/disposal	Total at 31 Mar 2012	Rate (%)	Up to 01 Jan 2012	Charged for the period	Adjustment		Total to 31 Mar 2012
Land	236,618,242	500,471,750	-	737,089,992		-	-	-	-	737,089,992
Factory building	664,746,200	18,512,697	-	683,258,897	2.5-5	174,226,272	7,501,452	-	181,727,724	501,531,173
Head office building	66,191,156	-	-	66,191,156	2.5-20	24,651,989	749,028	-	25,401,017	40,790,139
Plant and machinery	171,556,721	34,829,310	-	206,386,031	2.5-5	26,947,584	1,711,785	-	28,659,370	142,897,351
Mobile plant	3,248,192,833	-	-	3,283,022,143	5-6.67	1,703,604,340	65,670,451	-	1,769,274,791	1,513,747,352
Electrical installation	89,121,262	-	-	89,121,262	10	45,796,183	1,903,288	-	47,699,471	41,421,791
Gas pipeline	222,723,445	-	-	222,723,445	10-20	113,046,179	5,560,095	-	118,606,274	104,117,171
Furniture and fixtures	42,550,307	-	-	42,550,307	10-20	32,906,576	1,005,028	-	33,911,604	8,638,703
Office equipment	50,482,769	711,340	-	51,194,109	10	17,579,341	1,234,052	-	18,813,393	32,380,716
Communication equipment	32,103,391	377,323	-	32,480,714	10-33.33	17,166,735	1,576,993	-	18,743,728	13,736,986
Tools and appliances	3,441,696	-	-	3,441,696	10-12.5	1,637,300	86,075	-	1,723,375	1,718,320
Vehicles	7,036,968	-	-	7,036,968	10	3,143,061	162,538	-	3,305,599	3,731,369
Fire fighting equipments	78,040,597	-	(1,232,076)	76,808,520	10-20	27,976,331	2,858,146	(105,317)	30,729,161	46,079,359
Total at 31 March 2012	4,916,436,599	554,902,420	(1,232,076)	5,479,106,941		2,190,860,497	90,200,482	(105,317)	2,280,955,664	3,189,151,277
Total at 31 December 2011	4,685,396,764	231,789,189	(749,354)	4,916,436,599		1,832,008,114	359,147,395	(295,010)	2,190,860,497	2,725,576,102

Allocation of depreciation to:

Manufacturing overhead	82,029,844
Administrative overhead	7,158,788
Selling overhead	1,011,850
	<u>90,200,482</u>

Details of disposal of property, plant & equipment for the period ended 31 March 2012

Amounts in Taka

Particulars	Year of purchase	Original cost	Accumulated depreciation	Net book value	Sale value/Claim receivable	Gain/(Loss)	Mode of disposal
Vehicle	2011	1,232,076	105,317	1,126,759	1,232,076	105,317	Sale
Total		1,232,076	105,317	1,126,759	1,232,076	105,317	

	Amounts in Taka	
	At 31 Mar 2012	At 31 Dec 2011
4. Intangible Assets		
Opening balance	113,928,723	105,134,125
Add: Additions during the period	1,511,662	18,614,118
Less: Amortisation during the period	2,111,615	9,819,520
Closing balance	<u>113,328,770</u>	<u>113,928,723</u>
5. Capital Work-in-Progress		
Heavy equipment and machinery	19,691,559	19,901,778
Building	15,775,120	16,676,427
Furniture & fixture	44,800	-
	<u>35,511,479</u>	<u>36,578,205</u>
6. Investment in Associate Companies		
RAK Security & Services Pvt. Ltd	2,920,259	1,357,779
RAK Paints Pvt. Ltd	113,905,854	74,632,196
RAK Mosfly (Bangladesh) Pvt. Ltd	14,782,437	6,965,379
	<u>131,608,550</u>	<u>82,955,354</u>
7. Investment in Shares		
	<u>2,840,245</u>	<u>3,176,995</u>
The above amount represents investment made by the subsidiary company, Classic Porcelain Pvt. Ltd, in the shares of listed companies are recorded as cost or market price, whichever is lower. Details are shown in Annex II		
8. Non-Current Receivables		
Deposits (note 8.1)	22,909,299	22,975,068
Preliminary expenses	947,836	957,556
Pre operating expenses	8,774,661	9,968,808
Deposited with VAT authority	5,960,715	5,960,715
Deposited with tax authority	3,317,649	3,317,649
	<u>41,910,160</u>	<u>43,179,796</u>
8.1 Deposits		
Titas gas	19,217,750	19,217,750
Mymensingh Palli Bidyut Samity-2	1,991,090	1,991,090
House rent	867,459	933,228
Others	833,000	833,000
	<u>22,909,299</u>	<u>22,975,068</u>
9. Inventories		
Raw materials	843,355,248	768,485,040
Stores and consumables spares	727,998,046	726,678,485
Finished goods	96,971,629	116,881,902
Work-in-process	34,954,040	34,594,847
Goods-in-transit	8,471,855	11,422,295
	<u>1,711,750,818</u>	<u>1,658,062,569</u>

Notes to consolidated financial statements for the period ended 31 March 2012

	Amounts in Taka	
	At 31 Mar 2012	At 31 Dec 2011
10. Trade and Other Receivables		
Trade receivables (*)	468,500,867	493,010,423
Advance to suppliers	52,503,739	41,068,258
Prepaid expenses	11,251,436	15,659,934
Other advances (note 10.1)	90,263,774	123,078,579
	<u>622,519,816</u>	<u>672,817,194</u>
(*) All the receivables are considered as realisable and secured except provision for doubtful debt made Tk. 2,131,455 in the period 2011.		
10.1 Other advances		
VAT & Supplementary duty paid against sales	33,993,585	40,532,634
Employee advance and imprest account	11,085,773	24,380,171
Claim receivable	9,172,188	9,218,527
Accrued Interest	8,872,705	23,894,401
Accrued rental income	1,369,565	-
Others	25,769,958	25,052,846
	<u>90,263,774</u>	<u>123,078,579</u>
11. Advance Corporate Income Tax		
On		
Import	286,888,385	269,615,417
Export	404,313	404,313
Supply	290,730	223,361
Interest on bank deposit	33,791,865	29,847,059
Rental income	479,348	479,348
Registration	481,000	363,000
Dividend income	7,151,000	2,407,000
Paid in cash	724,662,940	644,662,940
	<u>1,054,149,581</u>	<u>948,002,438</u>
12. Cash and Bank Balances		
Cash in hand	7,857,538	6,672,678
Bank balances in		
Current account	310,519,168	172,869,966
Short-term deposit account	146,607,170	95,111,483
Export retention account	3,214,473	3,727,944
Margin money deposit account	683,458	1,250,913
Fixed deposit	683,387,566	1,158,016,577
Foreign Currency account-for IPO refund	4,357,537	4,386,118
	<u>1,156,626,910</u>	<u>1,442,035,679</u>

Amounts in Taka	
At	At
31 Mar 2012	31 Dec 2011

13 Share CapitalAuthorised capital

300,000,000 ordinary shares of Taka 10/- each

3,000,000,000	3,000,000,000
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Issued, subscribed, called and paid up capital

253,080,850 ordinary shares of Taka 10/- each

2,530,808,500	2,530,808,500
---------------	---------------

Particulars of shareholdings are as follows

Name of shareholder	Number of shares		Value of shares	
	At	At	At	At
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
RAK Ceramics PSC, UAE	183,707,755	183,707,755	1,837,077,550	1,837,077,550
Mr. S.A.K. Ekramuzzaman	18,556,350	18,556,350	185,563,500	185,563,500
HH Sheikh Saud Bin Saqr Al Qassimi	22	22	220	220
Mr. Sheikh Omer Bin Saqr Al Qassimi	22	22	220	220
Mr. Sheikh Ahmad Bin Humaid al Qassimi	22	22	220	220
Mr. Hamad Abdulla Al Muttawa	11	11	110	110
Dr. Khater Massaad	11	11	110	110
Mr. Abdallah Massaad	11	11	110	110
Mr. Manoj Ahire	11	11	110	110
General Public (including EII & employee)	50,816,635	50,816,635	508,166,350	508,166,350
	<u>253,080,850</u>	<u>253,080,850</u>	<u>2,530,808,500</u>	<u>2,530,808,500</u>

14 Classification of shareholders by holding

No of Holders	Holdings Range	Total Holdings	Total holdings (%)
52,488	Less than 500 shares	11,362,858	4.49
9,257	501 to 5,000 shares	12,435,111	4.91
389	5001 to 10,000 shares	2,699,287	1.07
162	10,001 to 20,000 shares	2,354,571	0.93
58	20,001 to 30,000 shares	1,455,308	0.58
33	30,001 to 40,000 shares	1,137,708	0.45
15	40,001 to 50,000 shares	660,867	0.26
38	50,001 to 100,000 shares	2,407,354	0.95
30	100,001 to 1,000,000 shares	6,759,992	2.67
6	Over 1,000,000 shares	211,807,794	83.69
<u>62,476</u>		<u>253,080,850</u>	<u>100.00</u>

15 Non Controlling Interest

Equity	176,236,833	289,082,286
Share of loss (Current period)	(29,306,371)	(115,215,452)
	<u>146,930,462</u>	<u>173,866,834</u>

	Amounts in Taka	
	At	At
	31 Mar 2012	31 Dec 2011
16 Borrowings		
Non-current:		
Term loan	42,702,953	45,710,761
Current portion of term loan	(13,024,455)	(12,778,847)
	<u>29,678,498</u>	<u>32,931,914</u>
Current:		
Bank overdrafts	119,551,799	123,578,172
Short-term borrowings	5,799,631	12,264,795
Current portion of term loan	13,024,455	12,778,847
	<u>138,375,885</u>	<u>148,621,814</u>
	<u>168,054,383</u>	<u>181,553,728</u>

16.1 Borrowings by maturity

At 31 Mar 2012	Amounts in Taka				Total
	< 1 year	1-2 years	2-5 years	> 5 years	
Bank overdrafts	119,551,799	-	-	-	119,551,799
Short-term loans	5,799,631	-	-	-	5,799,631
Term loans and others	13,024,455	15,089,402	14,589,096	-	42,702,953
	<u>138,375,885</u>	<u>15,089,402</u>	<u>14,589,096</u>	<u>-</u>	<u>168,054,383</u>
At 31 Dec 2011	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	123,578,172	-	-	-	123,578,172
Short-term loan	12,264,795	-	-	-	12,264,795
Term loans and others	12,778,847	14,612,037	18,319,877	-	45,710,761
	<u>148,621,814</u>	<u>14,612,037</u>	<u>18,319,877</u>	<u>-</u>	<u>181,553,728</u>

	Amounts in Taka	
	At 31 Mar 2012	At 31 Dec 2011
17 Provision for Employee Benefits		
Opening balance	13,188,267	7,192,098
Add: Charged for the period	12,474,325	39,602,909
Less: Payments made during the period	(18,652,057)	(33,606,740)
Closing balance	7,010,535	13,188,267
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.		
18 Trade and Other Payables		
Trade payables	568,083,142	502,997,110
Income tax and VAT deducted at source	10,837,316	9,277,598
Dividend Payables	10,940,929	11,073,229
Share Money Deposit	21,770,300	22,028,040
	611,631,687	545,375,977
19 Provision for Expenses		
Power and gas	17,190,305	16,397,405
Staff cost	48,474,903	39,746,097
Audit fees	-	198,750
Professional charges	265,625	263,000
Interest on loans	170,933	97,697
Telephone	307,918	294,618
Managing Director's remuneration	49,874,224	39,811,796
Worker's profit participation and welfare fund	79,165,433	63,193,326
Doubtful Debts	2,131,455	2,131,455
Others	2,674,625	1,051,470
	200,255,421	163,185,614
20 Provision for Corporate Income Tax		
For the period	89,823,465	-
Year 2011	323,570,136	323,570,136
Year 2010	294,058,668	294,058,668
Year 2009	207,143,340	207,143,340
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
	1,175,289,885	1,085,466,420
21 Provision for royalty and technical know-how fees		
For the period	28,304,002	106,399,330
Year 2011	106,399,330	-
	134,703,332	106,399,330
22 Deferred tax liabilities/assets		
Opening balance	134,641,798	139,248,424
Less: Released during the period	-	(4,606,626)
	134,641,798	134,641,798

	Amounts in Taka	
	Period ended 31 Mar 2012	Period ended 31 Mar 2011
23 Sales		
Gross sales (Local)	1,583,312,068	1,474,359,363
Gross sales (Export)	-	-
Sales Total	1,583,312,068	1,474,359,363
Less: SD	169,779,002	158,036,882
VAT	207,117,107	193,232,735
Net sales	1,206,415,959	1,123,089,746
24 Cost of Goods Sold		
Raw materials	345,155,295	305,757,539
Direct labour (note-24.1)	60,781,903	47,563,358
Direct expenses:		
Power and gas	53,114,465	52,419,104
Repairs and indirect materials (note-24.2)	114,489,228	115,453,454
Rental charges	205,435	-
Moulds and punches	10,426,187	7,089,352
Depreciation	82,029,844	78,623,031
Royalty and technical know-how/assistance fees	28,304,002	26,339,521
Other production overhead (note-24.3)	12,373,304	11,503,151
Movement in work-in-process & finished goods	19,551,080	7,257,227
	726,430,743	652,005,737
24.1 Direct Labour		
Salary & Wages	36,383,394	30,219,351
Overtime	2,604,595	2,680,180
Bonus	6,669,927	3,394,787
Incentive	2,275,155	1,803,986
Temporary Labour Wages	3,475,835	2,470,634
Temporary Labour for Production	4,088,962	3,249,534
Gratuity	1,635,886	1,309,293
Employers Contribution to provident fund	2,067,788	1,470,545
Leave Encashment	465,372	470,607
Group Life Insurance	277,719	130,386
Medical expenses	15,022	52,775
Cleaning Service Factory	822,248	311,280
	60,781,903	47,563,358
24.2 Repair and indirect materials		
Stores, Spares, repair & Maintenance	50,528,940	61,137,050
Packing expenses	63,960,288	54,316,404
	114,489,228	115,453,454
24.3 Other production overhead		
Travelling & training expenses	1,448,902	1,526,136
Hotel fare and expenses for technician	1,097,031	2,008,738
Demurrage	498,812	102,067
Insurance	5,257,117	4,834,512
Fuel & Maintenance	215,979	513,077
Other expenses	3,855,463	2,518,621
	12,373,304	11,503,151

	Amounts in Taka	
	Period ended 31 Mar 2012	Period ended 31 Mar 2011
25 Administrative Expenses		
Staff cost (note-25.1)	32,122,337	20,123,713
Annual General Meeting expenses	757,199	24,748,553
Telephone, postage and supplies	1,492,265	1,064,259
Office repair and maintenance (note 25.2)	3,818,802	3,611,084
Registration and renewal	302,740	663,172
Security and guard expenses	1,958,826	1,532,207
Depreciation	7,158,788	6,932,552
Amortisation	2,111,615	2,841,926
Legal and professional fees	401,728	618,521
Vehicle repair and maintenance	2,224,459	1,502,298
Rent, rate and tax	1,531,023	2,099,256
Loss on sale of shares	336,750	-
CSR expenses	3,165,608	-
Managing Director's remuneration (note-25.3)	10,062,428	17,152,901
Workers profit participation and welfare fund (note-25.4)	15,972,107	16,336,096
Others	1,796,812	1,469,828
	<u>85,213,487</u>	<u>100,696,367</u>
25.1 Staff cost: Admin		
Salary & Wages	23,351,541	14,495,254
Bonus	2,698,651	1,636,026
Incentive	1,504,315	662,215
Gratuity	856,313	544,784
Employers Contribution to provident fund	1,213,797	773,949
Leave Encashment	236,428	191,705
Group Life Insurance	150,799	67,824
Canteen expenses	210,247	262,889
Staff welfare expenses	155,738	592,270
Hotel, tour, food and air ticket	1,053,384	437,238
Food expenses	403,151	259,724
Medical expenses	237,079	131,517
Accommodation	40,462	68,318
Travelling & conveyance	10,432	-
	<u>32,122,337</u>	<u>20,123,713</u>
25.2 Office repair & maintenance		
Repairs office equipment	746,365	551,632
Electricity, gas and water	671,086	399,769
Office maintenance	1,896,546	1,863,740
Rent, rates & taxes	57,400	83,005
Others	447,405	712,938
	<u>3,818,802</u>	<u>3,611,084</u>
25.3	This represents provision made 3% of net profit after charging remuneration.	
25.4	This represents provision made 5% of net profit after charging such contribution provided as contribution to workers profit participation and welfare funds in terms of labour Act 2006	
26 Marketing & Selling Expenses		
Staff cost (note-26.1)	30,644,513	27,583,478
Advertisement	294,708	1,907,750
Freight and transportation	35,939,944	32,188,458
Performance rebates (note-26.2)	58,146,894	53,897,648
Business promotion	34,692,334	35,173,381
Depreciation	1,011,850	459,630
Travel, entertainment and others	6,797,881	4,047,537
	<u>167,528,124</u>	<u>155,257,882</u>

	Amounts in Taka	
	Period ended 31 Mar 2012	Period ended 31 Mar 2011
26.1 Staff cost-Marketing & Selling		
Salary & Wages	25,979,423	24,602,813
Overtime	2,498	12,890
Bonus	2,043,718	1,297,737
Incentive	591,511	389,323
Gratuity	915,507	792,448
Employers Contribution to provident fund	894,052	392,091
Leave Encashment	48,857	37,176
Group Life Insurance	21,713	9,152
Food expenses	125,051	34,685
Medical expenses	22,183	15,163
	<u>30,644,513</u>	<u>27,583,478</u>
26.2 Performance rebates		
Compensation	1,342,870	163,130
Dealers' commission	30,694,019	30,378,813
Breakage commission	26,110,005	23,355,705
	<u>58,146,894</u>	<u>53,897,648</u>
27 Financial Expenses		
Interest expenses	5,159,404	3,856,819
Foreign exchange loss	6,747,451	6,401,776
Bank charges	743,336	341,045
	<u>12,650,191</u>	<u>10,599,640</u>
28 Other income		
Interest income	23,946,363	38,618,194
Share of profit/(loss) of associates companies	(21,346,804)	-
Misc. income	1,113,820	-
Dividend income	350,000	350,000
Profit on sale of property, plant & equipment	105,317	10,000
	<u>4,168,696</u>	<u>38,978,194</u>

for RAK Ceramics (Bangladesh) Ltd


Finance Controller


Managing Director

Dhaka, Bangladesh
Dated, 7 May 2012

RAK Ceramics (Bangladesh) Ltd

Annex I

Details of product-wise segment reporting for the period ended 31 March 2012

Particulars	Amounts in million Taka												
	Ceramics Product		Other Industries		Services & Others		Total						
	Period Mar 2012	Period Mar 2011	Period Mar 2012	Period Mar 2011	Period Mar 2012	Period Mar 2011	Period Mar 2012	Period Mar 2011					
1													
Segment Revenue													
External turnover	1,132.16	1,053.58	74.26	69.51	-	-	-	-	-	1,206.42	-	1,206.42	1,123.09
Intra- segment turnover	-	-	56.79	45.12	-	-	-	-	-	-	-	-	-
Net Turnover	1,132.16	1,053.58	131.05	114.63	-	-	-	-	-	1,206.42	-	1,206.42	1,123.09
2													
Segment Result													
Profit before interest and tax	257.74	263.02	(30.14)	(47.89)	(0.36)	-	-	-	-	227.24	-	227.24	215.13
Less: Financial expenses	7.16	7.07	5.49	3.53	-	-	-	-	-	12.65	-	12.65	10.60
Add: Other income	-	-	1.24	(0.05)	2.93	39.03	39.03	39.03	39.03	4.17	39.03	4.17	38.98
Profit before tax and non-controlling interest	250.58	255.95	(34.39)	(51.47)	2.57	39.03	39.03	39.03	39.03	218.76	39.03	218.76	243.51
Less: Corporate income tax	81.32	86.54	8.50	3.92	-	-	-	-	-	89.82	-	89.82	90.46
Less: Non-controlling interest	-	-	(29.13)	(34.05)	(0.18)	(0.03)	(0.03)	(0.03)	(0.03)	(29.31)	(0.03)	(29.31)	(34.08)
Profit After Tax and Non-Controlling Interest	169.26	169.41	(13.76)	(21.34)	2.75	39.06	39.06	39.06	39.06	158.25	39.06	158.25	187.13
3													
Other Information													
Segment assets	1,386.72	1,400.22	1,322.84	1,359.51	5,349.84	4,966.58	4,966.58	4,966.58	4,966.58	8,059.40	8,059.40	8,059.40	7,726.31
Segment liabilities	-	-	1,322.84	1,359.51	6,736.56	6,366.80	6,366.80	6,366.80	6,366.80	8,059.40	8,059.40	8,059.40	7,726.31
Capital expenditure	53.34	169.96	0.07	23.68	501.49	38.15	38.15	38.15	38.15	554.90	554.90	554.90	231.79
Depreciation	66.84	267.68	19.34	75.96	4.02	15.51	15.51	15.51	15.51	90.20	90.20	90.20	359.15
Amortisation of capitalised expenses	-	-	1.90	7.47	0.22	2.35	2.35	2.35	2.35	2.12	2.12	2.12	9.82

Notes :

- (i) Net turnover is determined after elimination of intra-segment turnover of Taka 56.79 million (Period 2011: Taka 45.12 million)
- (ii) As per BIRS-8 (segment reporting), the Company has reported segment information on consolidated basis including business of its subsidiaries.
- (iii) The reportable segments are further described below:
 - Ceramics Product includes Ceramics Tiles and Sanitary Ware;
 - Other industries segment includes Pharmaceuticals and Power Business;
 - Business which has no reportable segments during the period, has been grouped under service & other segment.
- (iv) Unallocated corporate assets and liabilities comprise of assets and liabilities not identifiable with reportable segments.

RAK Ceramics (Bangladesh) Ltd.

Notes to consolidated financial statements for the period ended 31 March 2012

S.No.	Script	Date of purchase	Face Value	No of shares	Purchase price per share	Purchase cost	Brokerage commission	Total cost	Market rate at 31 Dec 2011	Market value at 31 Dec 2011
1	ICB	05.09.10	100	100	4,594	459,399	2,297	461,696	1706.25	170,625
2	BSRM Steel	03.10.10	10	4000	194	777,206	3,886	781,092	101.90	407,600
3	BSRM Steel	08.05.11	10	5000	194	971,450	4,857	976,307	101.90	509,500
4	UCBL	07.10.10	10	3000	175	525,429	2,627	528,056	36.80	110,400
5	UCBL	08.05.11	10	2000	46	92,800	464	93,264	36.80	73,600
6	UCBL	20.07.11	10	1000	61	60,650	334	60,984	36.80	36,800
7	UCBL	28.04.11	10	1000	56	56,500	311	56,811	36.80	36,800
8	Utara Finance	20.07.11	10	1000	194	193,899	1,067	194,966	130.30	130,300
9	Desco	31.10.10	10	1000	347	347,300	1,737	349,037	98.10	98,100
10	Desco	08.05.11	10	500	161	80,637	403	81,040	98.10	49,050
11	Bayleasing	13.04.11	10	1000	205	205,000	1,025	206,025	61.90	61,900
12	Bayleasing	28.7.11	10	1000	110	110,300	607	110,907	61.90	61,900
13	Meghna Life	13.04.11	10	1000	372	372,000	1,860	373,860	164.50	164,500
14	Meghna Life	18.04.11	10	400	378	151,395	757	152,152	164.50	65,800
15	Meghna Life	08.05.11	10	100	340	33,950	170	34,120	164.50	16,450
16	PLFSL	13.04.11	10	1000	150	150,000	750	150,750	63.00	63,000
17	Squarepharma	13.04.11	10	170	332	56,426	282	56,708	237.30	40,341
18	One Bank	28.07.11	10	2500	57	141,425	778	142,203	32.30	80,750
19	Prime Bank	28.07.11	10	3050	49	148,632	818	149,450	38.50	117,425
Right Shares										
20	UCBL	02.05.11	10	3000	15	45,000	-	45,000	36.80	110,400
				31,820			25,030	5,004,427	2,405,241	
Bonus shares										
1	ICB	30.10.11	100	35	-	-	-	-	1706.25	59,719
2	Desco	11.01.11	10	300	-	-	-	-	98.10	29,430
3	Desco	19.01.12	10	450	-	-	-	-	98.10	44,145
4	UCBL	08.06.11	10	1500	-	-	-	-	36.80	55,200
5	BSRM Steel	12.06.11	10	1000	-	-	-	-	101.90	101,900
6	Bayleasing	10.07.11	10	550	-	-	-	-	61.90	34,045
7	Meghna Life	21.08.11	10	600	-	-	-	-	164.50	98,700
8	Squarepharma	28.09.11	10	50	-	-	-	-	237.30	11,865
				4,485			26,030	5,004,427	435,004	
				36,305			26,030	5,004,427	2,840,245	
Grand Total										