

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

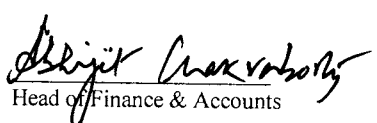
RAK Ceramics (Bangladesh) Limited

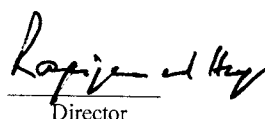
Consolidated financial statements
for the period ended 30 September 2013

RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Financial Position
as at 30 September 2013

	Notes	<u>30 Sep 2013</u> Taka	<u>31 Dec 2012</u> Taka
Assets			
Property, plant and equipment	4	2,754,355,345	3,000,994,834
Equity-accounted investees	5	96,554,046	99,935,330
Intangible assets	6	107,686,165	112,670,334
Capital work-in-progress	7	59,120,793	30,955,703
Investment in shares of listed companies	8	2,038,686	2,189,065
Loan to associates	9	68,920,647	95,204,185
Total non-current assets		<u>3,088,675,682</u>	<u>3,341,949,451</u>
Inventories	10	1,970,594,590	1,777,888,718
Trade and other receivables	11	545,913,595	621,510,397
Loan to associates	12	31,079,353	4,795,815
Advance, deposit and prepayments	13	248,526,452	217,599,738
Advance income tax	14	1,577,599,618	1,303,890,755
Cash and cash equivalents	15	1,253,028,134	988,298,905
Total current assets		<u>5,626,741,742</u>	<u>4,913,984,328</u>
Total assets		<u>8,715,417,424</u>	<u>8,255,933,779</u>
Equity			
Share capital	16	3,062,278,285	2,783,889,350
Share premium		1,473,647,979	1,473,647,979
Retained earnings		1,077,889,894	1,293,599,640
Equity attributable to equity holders of the company		<u>5,613,816,158</u>	<u>5,551,136,969</u>
Non-controlling interests		<u>40,924,001</u>	<u>108,824,662</u>
Total equity		<u>5,654,740,159</u>	<u>5,659,961,631</u>
Liabilities			
Borrowings	19	20,592,243	18,567,275
Deferred tax liability	17	121,162,388	121,162,388
Total non-current liabilities		<u>141,754,631</u>	<u>139,729,663</u>
Provision for employees benefits	18	28,404,546	21,856,218
Borrowings	19	512,648,536	389,152,953
Trade and other payables	20	240,558,359	197,523,746
Provision for expenses	21	155,620,087	172,927,231
Provision for royalty and technical know-how fees	22	262,699,509	219,094,868
Provision for income tax	23	1,718,991,597	1,455,687,469
Total current liabilities		<u>2,918,922,634</u>	<u>2,456,242,485</u>
Total equity and liabilities		<u>8,715,417,424</u>	<u>8,255,933,779</u>

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


Head of Finance & Accounts


Director


Managing Director

Dhaka, Bangladesh
Dated, 22 October 2013

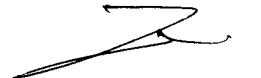
RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Comprehensive Income
for the period ended 30 September 2013

	Notes	Jan to Sep 13 Taka	Jan to Sep 12 Taka	July to Sep 13 Taka	July to Sep 12 Taka
Sales	24	3,932,385,924	3,655,054,655	1,296,119,337	1,280,729,074
Cost of sales	25	(2,389,953,163)	(2,209,219,662)	(781,201,121)	(794,954,854)
Gross profit		1,542,432,761	1,445,834,993	514,918,216	485,774,220
Other income	26	8,200,221	6,541,741	1,836,687	2,063,570
Administrative expenses	27	(222,518,811)	(230,580,911)	(61,644,782)	(71,092,481)
Marketing and selling expenses	28	(634,596,048)	(544,869,688)	(221,584,481)	(192,276,832)
		(848,914,638)	(768,908,858)	(281,392,576)	(261,305,743)
Profit from operating activities		693,518,123	676,926,135	233,525,640	224,468,477
Finance income	29	97,705,963	72,392,273	27,493,598	25,314,677
Finance cost	30	(33,421,520)	(30,116,928)	(10,910,408)	(8,962,468)
Net finance income		64,284,443	42,275,345	16,583,190	16,352,209
Share of profit/(loss) of equity-accounted investees	5	(40,131,284)	(62,016,362)	(13,871,332)	(18,254,046)
Profit before contribution to Worker's Profit Participation Fund		717,671,282	657,185,118	236,237,498	222,566,640
Contribution to Worker's Profit Participation Fund		(42,967,723)	(43,183,108)	(13,816,670)	(13,784,926)
Profit before income tax		674,703,559	614,002,010	222,420,828	208,781,714
Income tax expense					
Current tax	31	263,304,128	261,389,884	87,579,455	87,378,063
Profit for the period		411,399,431	352,612,126	134,841,373	121,403,651
Profit attributable to:					
Equity holders of the Company		480,262,592	441,209,014	158,471,679	148,842,210
Non-controlling interest		(68,863,161)	(88,596,888)	(23,630,306)	(27,438,559)
Profit after tax for the period		411,399,431	352,612,126	134,841,373	121,403,651
Basic earnings per share (Per value TK 10)	35	1.57	1.44	0.52	0.49

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, 22 October 2013

RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Changes in Equity
for the period ended 30 September 2013

	Attributable to owners of the Company				Non-controlling interests Taka	Total equity Taka
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka		
Balance as at 01 January 2012	2,530,808,500	1,473,647,979	1,318,178,608	5,322,635,087	173,866,834	5,496,501,921
Total comprehensive income for 30 Sep 2012						
Profit/(loss) for the period	-	-	441,209,014	441,209,014	(88,596,888)	352,612,126
Share money deposit	-	-	-	-	39,500,000	39,500,000
Transactions with the shareholders						
Cash dividend (2011)	-	-	(379,621,275)	(379,621,275)	(17,630,000)	(397,251,275)
Stock dividend (2011)	253,080,850	-	(253,080,850)	-	-	-
Balance as at 30 September 2012	<u>2,783,889,350</u>	<u>1,473,647,979</u>	<u>1,126,685,497</u>	<u>5,384,222,826</u>	<u>107,139,946</u>	<u>5,491,362,772</u>
Balance as at 01 January 2013	2,783,889,350	1,473,647,979	1,293,599,640	5,551,136,969	108,824,662	5,659,961,631
Total comprehensive income for 30 Sep 2013						
Profit/(loss) for the period	-	-	480,262,592	480,262,592	(68,863,161)	411,399,431
Share money deposit	-	-	-	-	23,000,000	23,000,000
Transactions with the shareholders						
Cash dividend (2012)	-	-	(417,583,403)	(417,583,403)	(22,037,500)	(439,620,903)
Stock dividend (2012)	278,388,935	-	(278,388,935)	-	-	-
Balance as at 30 September 2013	<u>3,062,278,285</u>	<u>1,473,647,979</u>	<u>1,077,889,894</u>	<u>5,613,816,158</u>	<u>40,924,001</u>	<u>5,654,740,159</u>

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

Abujit Chakraborty

RAK Ceramics (Bangladesh) Ltd
Consolidated Statement of Cash Flows
for the period ended 30 September 2013

	<u>30 Sep 2013</u>	<u>30 Sep 2012</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	3,981,662,652	3,626,566,755
Cash payments to suppliers and employees	<u>(3,118,820,144)</u>	<u>(2,819,612,084)</u>
Cash generated from operating activities	<u>862,842,508</u>	<u>806,954,671</u>
Interest received from bank deposit	2,357,115	3,818,691
Income tax paid	<u>(273,708,863)</u>	<u>(240,789,469)</u>
Net cash from operating activities	<u>591,490,760</u>	<u>569,983,893</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(60,404,024)	(612,118,894)
Sale of property, plant and equipment	3,774,808	3,362,939
Loan to associates	-	(100,000,000)
Investment in associate companies	(36,750,000)	(69,999,999)
(Investment)/disinvestment in shares	150,379	617,655
Interest received from FDR	89,128,413	74,642,796
Intangible assets	(2,271,712)	(8,120,695)
Adjustment related to non-controlling interest	962,500	21,870,000
Dividend received	394,503	381,245
Net cash used in investing activities	<u>(5,015,133)</u>	<u>(689,364,953)</u>
Cash flows from financing activities		
Finance charges	(33,421,520)	(30,116,928)
Avail/(repayment) of term loan	2,024,968	(10,569,829)
Avail/(repayment) of short-term loan	123,495,583	6,844,746
Dividend paid	(413,183,034)	(371,465,793)
Unclaimed share application refund	<u>(662,395)</u>	<u>(643,208)</u>
Net cash used in financing activities	<u>(321,746,398)</u>	<u>(405,951,012)</u>
Net increase/(decrease) in cash and cash equivalents	264,729,229	(525,332,072)
Cash and cash equivalents as at 01 January	<u>988,298,905</u>	<u>1,442,035,679</u>
Cash and cash equivalents as at 30 September	<u>1,253,028,134</u>	<u>916,703,607</u>

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

Asijul Chakraborty

RAK Ceramics (Bangladesh) Limited

Notes to the Consolidated Financial Statements as at and for the period ended 30 September 2013

1. Reporting entity

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

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

1.1 Description of subsidiaries

RAK Pharmaceuticals Pvt. Ltd.

RAK Pharmaceuticals Pvt. Ltd. was incorporated in Bangladesh under the Companies Act 1994 on 29 June 2005 as a private company limited by shares with an authorised capital of BDT 500 million divided into 5 million ordinary shares of Taka 100 each. Authorised capital of the Company has been increased from Taka 500 million to 1,500 million divided into 150 million ordinary shares of Taka 10 each in the year 2011. The Company has gone into operation from 15 July 2009. The paid up capital stands at Taka 468.54 million as at 30 Sep 2013. The registered office of the Company is at RAK Tower (10 floor), Plot No.: 1/A, Jasimuddin Avenue, Sector No.: 3, Uttara, Dhaka-1230. The factory is located at Vill.: Faridpur, P.S.: Sreepur, Dist.: Gazipur. The Company owns and operates modern pharmaceutical facility which produces and sells pharmaceutical drugs and medicines including biological and non-biological drugs. 55% shares of RAK Pharmaceuticals Pvt. Ltd's is held by RAK Ceramics (Bangladesh) Limited.

RAK Power Pvt. Ltd.

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 as at 30 Sep 2013. The Company has gone into operation from 1 May 2009. The registered office of the Company is at House # 5, Road # 1/A Sector # 4, Uttara, Dhaka- 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

Classic Porcelain Pvt. Limited

Classic Porcelain Pvt. Limited was incorporated in Bangladesh under the Companies Act 1994 on 19 August 2008 as a private company limited by shares with an authorised capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 10,000,000 as at 30 Sep 2013. The main objects of the Company is to produce, manufacture, sell and export of 100% export oriented all types of porcelain/ceramic-made, table ware such as bone china, porcelain white ware, crockery, pottery, hand painted wares, mugs, cup and saucer, plates etc. 51% shares of RAK Porcelain Pvt. Limited is held by RAK Ceramics (Bangladesh) Limited.

RAK Food & Beverage Pvt. Ltd.

RAK Food & Beverage Pvt. Ltd. was incorporated in Bangladesh under the Companies Act 1994 on 19 August 2008 as a private company limited by shares with an authorised capital of Taka 200,000,000 divided into 2,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 2,000,000 as at 30 Sep 2013. The main objects of the Company is to carry on the business and to act for business on Joint Venture basis to manufacture, produce, sell, import and export of all types of foods, food products, bottled drinking water and beverages items in Bangladesh and abroad. 51% shares of RAK Food & Beverage Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

2. Basis of preparation

2.1 Statement of compliance

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

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

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 22 October 2013.

2.2 Basis of measurement

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

2.3 Functional and presentational currency

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

2.4 Use of estimates and judgements

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

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

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

Note 4	Property, plant & equipment
Note 17	Deferred tax liability
Note 18	Provision for employees benefit
Note 23	Provision for income tax

2.5 Reporting period

The financial period of the Company covers nine months from 1 January to 30 September and is followed consistently.

2.6 Going concern

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

3 Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

These consolidated financial statements comprise the consolidated financial position and the consolidated results of operations of the Company and its subsidiaries (collectively referred to as "the Group") on a line by line basis together with the Group's share in the net assets of its equity-accounted investees.

Subsidiaries

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

Loss of control

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

Investments in associates

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

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

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

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

Transactions eliminated on consolidation

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

3.2 Foreign currency

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

3.3 Financial instruments

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

3.3.1 Non-derivative financial assets

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

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

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

a) Investment in associates

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

b) Loans to associates

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

c) Trade & other receivables

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

d) Cash and cash equivalents

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

3.3.2 Non-derivative financial liabilities

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

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

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

a) Trade & other payables

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

b) Borrowings

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

3.4 Share capital

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

3.5 Property, plant and equipment

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

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

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

3.5.1 Depreciation on property, plant and equipment

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

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

Category of property, plant and equipment	Rate (%)
Factory building	2.5-5
General building	2.5-20
Head Office building	2.5-5
Plant and machinery	5-10
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixture and equipment	10
Office equipment	10-33.33
Communication equipment	10-12.5
Tools and appliances	10-20
Vehicles	10-20
Fire fighting equipment	20

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

3.6 Capital work-in-progress

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

3.7 Intangible assets

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

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

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

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

3.8 Leased assets

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

Lease payments

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

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

3.9 Inventories

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

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

3.10 Impairment

Non-derivative financial assets

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

Non-financial assets

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

Calculation of recoverable amount

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

Recognition of impairment

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

Reversal of impairment

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

3.11 Employee benefit schemes

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

Defined contribution plan (provident fund)

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

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

Defined benefit plan

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

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

3.12 Workers' Profit Participation Fund (WPPF)

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

3.13 Provisions

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

3.14 Revenue recognition

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

3.15 Finance income and expenses

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

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

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

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

3.16 Taxation

Income tax represents current tax only and deferred tax is accounted for end of the year. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for a publicly-traded company.

3.17 Earning per share

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

3.18 Determination and presentation of operating segment

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

3.19 Contingencies

Contingent liability

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

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

Contingent asset

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

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

3.20 Statement of cash flows

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

3.21 Events after the reporting period

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

3.22 Comparatives and reclassification

Comparative information have been disclosed in respect of 2012 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

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

4 Property, Plant and Equipment

30 Sep 2013

Particulars	C O S T			D E P R E C I A T I O N					Net book value at 30 Sep 2013	
	Balance at 01 Jan 2013	Additions	Sale/ disposal	Total at 30 Sep 2013	Rate (%)	Up to 01 Jan 2013	Charged for the period	Adjustment		Total to 30 Sep 2013
Land	748,720,144	1,507,826	-	750,227,970	-	-	-	-	-	750,227,970
Factory building	689,560,013	-	-	689,560,013	2.5-5	205,071,682	23,454,919	-	228,526,601	461,033,412
Factory office building	71,232,413	6,283,171	-	77,515,584	2.5-20	27,664,440	2,521,206	-	30,185,646	47,329,938
Head office building	171,556,721	-	-	171,556,721	2.5-5	33,827,690	5,145,943	-	38,973,633	132,583,088
Plant and machinery	3,331,136,668	15,942,401	-	3,347,079,069	5-10	1,971,518,873	204,236,064	-	2,175,754,937	1,171,324,132
Mobile plant	89,121,262	186,079	-	89,307,341	10	53,375,158	5,768,250	-	59,143,408	30,163,933
Electrical installation	222,723,445	-	-	222,723,445	10-20	135,370,805	16,707,042	-	152,077,847	70,645,598
Gas pipeline	43,967,827	17,552	-	43,985,379	10-20	36,938,785	3,232,261	-	40,171,046	3,814,333
Furniture and fixtures	52,873,545	949,613	-	53,823,158	10	22,618,078	3,887,920	-	26,505,998	27,317,160
Office equipment	33,965,544	1,203,095	(307,500)	34,861,139	10-33.33	22,124,588	2,732,754	(152,710)	24,704,632	10,156,507
Communication equipment	4,083,829	2,727,738	-	6,811,567	10-12.5	1,996,893	475,132	-	2,472,025	4,339,542
Tools and appliances	7,036,968	82,292	-	7,119,260	10-20	3,796,782	489,851	-	4,286,633	2,832,627
Vehicles	85,426,287	3,339,167	(6,127,101)	82,638,353	10-20	36,832,262	8,626,924	(5,226,386)	40,232,800	42,405,553
Fire fighting equipments	3,631,012	-	-	3,631,012	20	2,904,808	544,652	-	3,449,460	181,552
Total at 30 September 2013	5,555,035,678	32,238,934	(6,434,601)	5,580,840,011		2,554,040,844	277,822,918	(5,379,096)	2,826,484,666	2,754,355,345

31 Dec 2012

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

	30 Sep 2013 Taka	30 Sep 2012 Taka
4.1 Depreciation charged to		
Cost of goods manufactured (Note 25.1)	254,578,000	249,739,761
Administrative expenses (Note 27)	20,290,288	21,793,874
Marketing & selling overhead (Note 28)	2,954,630	3,059,275
	<u>277,822,918</u>	<u>274,592,910</u>

4.2 Disposal of property, plant and equipment

30 September 2013

Particulars	Original cost	Accumulated depreciation	Book value	Sales/Insurance claim receipt
	Taka	Taka	Taka	Taka
Motor cycle	828,283	375,753	452,530	455,299
Vehicles	5,298,818	4,850,633	448,185	3,234,274
Office equipments	307,500	152,710	154,790	85,235
Total	<u>6,434,601</u>	<u>5,379,096</u>	<u>1,055,505</u>	<u>3,774,808</u>

31 December 2012

Particulars	Original cost	Accumulated depreciation	Book value	Sale/Insurance claim receipt
	Taka	Taka	Taka	Taka
Motor cycles	254,838	91,535	163,303	217,203
Vehicles	4,323,082	2,103,192	2,219,890	3,423,076
Office equipments	958,775	479,689	479,086	479,086
Total	<u>5,536,695</u>	<u>2,674,416</u>	<u>2,862,279</u>	<u>4,119,365</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
30 Sep 2013															
RAK Security and Services Pvt. Ltd.	35%	26,723,843	3,738,140	30,461,983	18,180,987	-	18,180,987	12,280,996	4,298,349						
RAK Paints Pvt. Ltd.*	47%	367,072,661	274,036,061	641,108,722	414,242,418	561,083,145	975,325,563	(334,216,841)	90,300,173						
RAK Mosfly (Bangladesh) Pvt. Ltd.*	20%	15,892,422	128,921,120	144,813,542	88,735,405	120,350,516	209,085,921	(64,272,379)	1,955,524						
* 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 2012															
RAK Security and Services Pvt. Ltd.	35%	19,312,899	3,953,177	23,266,076	12,845,527	-	12,845,527	10,420,549	3,647,192						
RAK Paints Pvt. Ltd.*	40%	355,975,661	294,588,430	650,564,091	376,052,654	527,689,570	903,742,224	(253,178,133)	88,728,747						
RAK Mosfly (Bangladesh) Pvt. Ltd.*	20%	38,018,556	133,555,145	171,573,701	114,512,381	93,314,367	207,826,748	(36,253,047)	7,559,391						
* Share of net assets is arrived at adding share money deposit of RAK Ceramics (Bangladesh) Limited of TK 190,000,000 and TK. 14,810,000 respectively.															

Share of net profit/(loss) :	Ownership	Reprising date	Nature of investment	Income		Expenses		Tax expenses		Profit or (loss)		Share of profit/(loss)	
				Income	Expenses	Tax expenses	Profit or (loss)	Share of profit/(loss)	Share of profit/(loss)				
30 Sep 2013													
RAK Security and Services Pvt. Ltd.	35%	30 Sep 2013	Associate	45,730,994	41,154,279	1,716,268	2,860,447	651,156					
RAK Paints Pvt. Ltd.	47%	30 Sep 2013	Associate	448,482,528	529,521,236	-	(81,038,708)	(35,178,574)					
RAK Mosfly (Bangladesh) Pvt. Ltd..	20%	30 Sep 2013	Associate	169,245,677	197,265,010	-	(28,019,333)	(5,603,867)					
<u>(40,131,284)</u>													
30 Sep 2012													
RAK Security and Services Pvt. Ltd.	35%	30 Sep 2012	Associate	40,031,380	34,930,266	1,912,918	3,188,196	2,205,658					
RAK Paints Pvt. Ltd.	40%	30 Sep 2012	Associate	402,376,125	542,028,002	-	(139,651,877)	(55,860,751)					
RAK Mosfly (Bangladesh) Pvt. Ltd.	20%	30 Sep 2012	Associate	99,415,590	140,248,431	-	(40,832,841)	(8,361,269)					
<u>(62,016,362)</u>													

	30 Sep 2013 Taka	31 Dec 2012 Taka
6 Intangible assets		
Balance as at 1 January	112,670,334	113,928,723
Add: Addition during the period	2,271,712	9,544,681
Less: Amortisation during the period	7,255,881	10,803,070
Balance as at 30 September	<u>107,686,165</u>	<u>112,670,334</u>
7 Capital Work-in-Progress		
Balance as at 1 January	30,955,703	36,578,205
Add: Addition during the period	38,511,227	91,052,972
	<u>69,466,930</u>	<u>127,631,177</u>
Less: Transfer to property, plant & equipment during the period (note 7.1)	10,346,137	96,675,474
	<u>59,120,793</u>	<u>30,955,703</u>

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

Facotory building	-	24,210,365
Factory office building	6,283,171	5,041,257
Plant & machinery	1,715,570	67,423,852
Communication equipment	2,347,396	-
	<u>10,346,137</u>	<u>96,675,474</u>

8 Investment in Shares of listed companies

Cost price	5,004,428	5,004,427
Less : Unrealised loss	(2,965,742)	(2,815,362)
	<u>2,038,686</u>	<u>2,189,065</u>

30 September 2013

Name of companies	No. of Shares	Cost price	Market value at 30 Sep 2013	Unrealised gain/(loss)
ICB	168	461,697	314,034	(147,663)
BSRM Steel	10,500	1,757,399	685,650	(1,071,749)
UCBL	13,225	784,114	227,470	(556,644)
Uttara Finance	1,540	194,966	110,880	(84,086)
DESCO	2,587	430,077	189,886	(240,191)
Bay Leasing	3,060	316,932	80,478	(236,454)
Meghna Life Insurance	2,100	560,132	209,370	(350,762)
PLFSL	1,237	150,750	27,090	(123,660)
Suare Pharma	400	56,708	69,560	12,852
One Bank	3,737	142,203	53,813	(88,390)
Prime Bank	4,026	149,450	70,455	(78,995)
Total	<u>42,580</u>	<u>5,004,428</u>	<u>2,038,686</u>	<u>(2,965,742)</u>

31 December 2012

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

	<u>30 Sep 2013</u> Taka	<u>31 Dec 2012</u> Taka
9 Loan to associates		
RAK Paints Pvt. Ltd.	68,920,647	95,204,185
	<u>68,920,647</u>	<u>95,204,185</u>
10 Inventories		
Raw materials	874,319,486	812,949,154
Stores and consumables spares	874,223,546	793,098,612
Finished goods	164,563,414	125,399,406
Work-in-process	45,422,251	34,017,206
Goods-in-transit	12,065,893	12,424,340
	<u>1,970,594,590</u>	<u>1,777,888,718</u>
11 Trade and other receivables		
Trade receivables (Note 11.1)	525,546,048	597,414,601
Claim receivable	2,977,627	5,063,730
Accrued interest (Note 11.2)	16,812,385	17,237,758
Other receivable	577,535	1,794,308
	<u>545,913,595</u>	<u>621,510,397</u>
11.1 Trade receivables		
Receivables from local sales	521,420,795	594,215,356
Receivables from export sales	4,125,253	3,199,245
	<u>525,546,048</u>	<u>597,414,601</u>
11.2 Accrued interest		
Interest accrued on FDR	13,442,153	9,326,431
Interest accrued on loan to associates	3,370,232	7,911,327
	<u>16,812,385</u>	<u>17,237,758</u>
12 Loan to associates		
RAK Paints Pvt. Ltd.	<u>31,079,353</u>	<u>4,795,815</u>
13 Advance, deposit and prepayments		
Advances:		
Employees	18,822,946	19,404,749
Land advance & others	25,059,917	28,194,223
Suppliers against material & services	66,116,091	20,799,412
	109,998,954	68,398,384
Security and other deposits:		
Titans gas	19,217,750	19,217,750
Mymensingh Palli Bidyut Samity-2	1,991,090	1,991,090
VAT and supplementary duty (note 13.1)	38,653,577	41,902,497
Deposit with income tax authority	9,705,739	9,705,739
Deposit with VAT authority	8,290,243	8,596,796
Other deposits	2,827,425	3,357,316
	80,685,824	84,771,188
Prepayments:		
House rent	9,580,845	10,625,152
Insurance	36,160,121	33,818,050
Others	12,100,708	19,986,964
	57,841,674	64,430,166
	<u>248,526,452</u>	<u>217,599,738</u>

	<u>30 Sep 2013</u>	<u>31 Dec 2012</u>
	<u>Taka</u>	<u>Taka</u>
13.1 Supplementary duty & VAT		
Balance as at 1 January	41,902,497	40,883,518
Add: Treasury deposit for SD & VAT purpose	725,525,000	1,066,586,946
Rebate of input VAT	238,618,389	304,745,241
	<u>1,006,045,886</u>	<u>1,412,215,705</u>
Add: Receivable - SD & VAT	73,330	-
	<u>1,006,119,216</u>	<u>1,412,215,705</u>
Less: SD & VAT on sales	965,268,294	1,368,054,273
Others payable	2,197,344	2,258,935
	<u>967,465,638</u>	<u>1,370,313,208</u>
Balance as at 30 September	<u>38,653,577</u>	<u>41,902,497</u>
14 Advance Income Tax		
Balance as at 1 January	1,303,890,755	948,002,438
Add: Paid during the period	273,708,863	355,888,317
Balance as at 30 September (notes 14.1 & 14.2)	<u>1,577,599,618</u>	<u>1,303,890,755</u>
14.1 Head wise payment		
Import	398,944,691	341,524,750
Export	693,177	519,050
Supply	620,830	456,387
Interest on bank deposit	47,591,881	39,914,208
Rental income	753,261	753,261
Registration	1,071,200	684,700
Dividend income	13,063,500	7,151,000
Paid in cash	1,114,861,078	912,887,399
	<u>1,577,599,618</u>	<u>1,303,890,755</u>
14.2 Year wise payment		
<u>Income year</u>		
Current period	167,508,350	-
Year 2012	329,918,240	262,663,852
Year 2011	330,587,709	330,587,709
Year 2010	263,867,684	263,867,684
Year 2009	156,292,148	117,346,023
Year 2008	86,369,770	86,369,770
Year 2007	124,816,528	124,816,528
Year 2006	95,937,931	95,937,931
Year 2005	3,197,658	3,197,658
Year 2004	1,607,895	1,607,895
Year 2003	1,746,309	1,746,309
Year 2002	879,941	879,941
Year 2001	9,689,804	9,689,804
Year 2000	5,176,302	5,176,302
Year 1999	3,349	3,349
	<u>1,577,599,618</u>	<u>1,303,890,755</u>

	<u>30 Sep 2013</u>	<u>31 Dec 2012</u>
	<u>Taka</u>	<u>Taka</u>
15 Cash and cash equivalents		
Cash in hand	2,973,345	3,680,020
Cash at banks		
HSBC (current account - 001-013432-011, 001-107580-011, 001-096015-011, 001-096007-011 - BDT)	16,245,702	43,152,289
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	64,686,429	38,928,111
Agrani Bank (current account - 075533005368 - BDT)	1,455	1,455
Citibank N.A. (current account - G0100001200262018 - BDT)	10,562,613	14,278,278
Dutch Bangla Bank Ltd. (current account - 117-110-12733, 117-110-2481, 117.110.23474 - BDT)	19,163,206	13,312,403
HSBC (ERQ account - 001-013432-047 - USD)	1,085,854	8,813,226
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	2,135,744	184,766
HSBC (margin money - 001-013432-047, 001-107580-011 - BDT)	-	432,044
Citibank N.A. (margin money - BDT)	281,274	-
EXIM Bank (SND account - 01513100031877 - BDT)	508,182	498,889
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330 - BDT)	40,422,643	42,434,784
BRAC Bank (SND - 1513101731248001 - BDT)	334,622	8,274,968
Prime Bank Ltd. (SND - 12531010022563 - BDT)	11,718,740	7,511,422
HSBC (STD - 001-066331-067, 001-107580-067, 001-096015-067 - BDT)	1,893	8,018
Islami Bank Bangladesh Limited (current account- 20502070100405600)	506,665	638,279
Dhaka Bank Limited (current account- 0204100000014484)	190,004	31,670
Premier Bank Ltd. (Current account - 10211100015136- BDT)	8,825	-
Greenland Equity (Margin account - 1202190030388191-BDT)	29,862	30,863
	<u>167,883,713</u>	<u>178,531,465</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	1,974,070	2,543,384
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,970,275	4,047,070
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,608	153,608
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,593	126,593
	<u>6,224,546</u>	<u>6,870,655</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	2,316,909	12,171,174
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	2,198,875	9,785,117
SCB (Current - 02-6162940-02- BDT) - 2012	4,763,196	-
	<u>9,278,980</u>	<u>21,956,291</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC (FDR - 001-013432-105 001-107580-101, 001-107580-103, 001-107580-104, & 001-107580-105, 107580-102)	30,652,345	250,956,245
SCB (FDR - 960162940119, 960162940120, 960162940122 & 93767272001)	762,080	210,762,080
Prime Bank Ltd. (FDR - 12541070020645, 12541070020749, 12541030024155, 12541010024581 & 20471070000103)	260,253,125	265,542,149
Dutch Bangla Bank Ltd. (FDR - 117-502-26547, 117-502-26643, 117-50226734, 117-502-26825 117-502-28606, 117-502-28611, 117-502-28952, 117-502-29031, 117-502-29164, 117-502-29276 117-502-29624, 117-502-30328, 117-502-30333, 117-502-30578, 117-502-30583, 30674, 31213, 31458 117-502-30172	775,000,000	50,000,000
	<u>1,066,667,550</u>	<u>777,260,474</u>
Total	<u>1,253,028,134</u>	<u>988,298,905</u>

30 Sep 2013 31 Dec 2012
Taka Taka

16 Share Capital

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 :			
306,227,828/278,388,935 ordinary shares of Taka 10/- each		<u>3,062,278,285</u>	<u>2,783,889,350</u>
		<u>3,062,278,285</u>	<u>2,783,889,350</u>

Percentage of shareholdings :

	2013		2012	
	%	Taka	%	Taka
RAK Ceramics PSC, UAE	72.41	2,217,363,830	72.41	2,015,785,305
S.A.K. Ekramuzzaman	6.06	185,563,500	6.67	185,563,500
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	260	0.00	242
Sheikh Omer Bin Saqr Al Qassimi	0.00	260	0.00	242
Sheikh Ahmad Bin Humaid al Qassimi	0.00	260	0.00	242
Hamad Abdulla Al Muttawa	0.00	130	0.00	121
Dr. Khater Massaad	0.00	130	0.00	121
Abdallah Massaad	0.00	130	0.00	121
Manoj Uttamrao Ahire	0.00	130	0.00	121
General Public (including EII & employee)	21.53	659,349,655	20.93	582,539,335
	<u>100.00</u>	<u>3,062,278,285</u>	<u>100.00</u>	<u>2,783,889,350</u>

Classification of shareholders by holding

Shareholder's range	Number of shareholders		Number of shares	
	2013	2012	2013	2012
Less than 500 shares	47,594	51,525	9,919,234	11,231,793
501 to 5,000 shares	10,485	8,933	13,204,206	12,470,010
5001 to 10,000 shares	505	449	3,504,743	3,094,240
10,001 to 20,000 shares	189	158	2,624,395	2,175,085
20,001 to 30,000 shares	67	53	1,648,586	1,305,541
30,001 to 40,000 shares	37	29	1,317,796	991,204
40,001 to 50,000 shares	21	19	944,838	849,987
50,001 to 100,000 shares	45	39	3,073,450	2,625,569
100,001 to 1,000,000 shares	37	36	9,675,717	8,823,889
Over 1,000,000 shares	7	6	260,314,863	234,821,617
	<u>58,987</u>	<u>61,247</u>	<u>306,227,828</u>	<u>278,388,935</u>

	30 Sep 2013	31 Dec 2012
	Taka	Taka
17 Deferred tax liabilities		
Balance as at 1 January	121,162,388	134,641,798
Less : Deferred tax income	-	(13,479,410)
Balance as at 30 September	<u>121,162,388</u>	<u>121,162,388</u>

18 Provision for employee benefits

Providend fund	10,160,966	5,372,511
Gratuity fund	18,243,580	16,483,707
	<u>28,404,546</u>	<u>21,856,218</u>

	2013		
	Providend fund	Gratuity fund	Total
	Taka	Taka	Taka
Balance as at 1 January	5,372,511	16,483,707	21,856,218
Add: Provision made during the period	<u>27,348,560</u>	<u>11,932,764</u>	<u>39,281,324</u>
	32,721,071	28,416,471	61,137,542
Less: Payments made to fund during the period	<u>22,560,105</u>	<u>10,172,891</u>	<u>32,732,996</u>
Balance as at 30 September	<u>10,160,966</u>	<u>18,243,580</u>	<u>28,404,546</u>

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

19 Borrowings

Non-current:		
Term loan	34,741,964	33,097,082
Current portion of term loan	<u>(14,149,721)</u>	<u>(14,529,807)</u>
	<u>20,592,243</u>	<u>18,567,275</u>
Current:		
Bank overdrafts	174,965,026	115,925,921
Short-term borrowings	323,533,789	258,697,225
Current portion of term loan	<u>14,149,721</u>	<u>14,529,807</u>
	<u>512,648,536</u>	<u>389,152,953</u>

19.1 Borrowings by maturity

	At 30 September 2013				
	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	174,965,026	-	-	-	174,965,026
Short-term loans	323,533,789	-	-	-	323,533,789
Term loans and others	<u>14,149,721</u>	<u>8,100,975</u>	<u>12,491,269</u>	-	<u>34,741,964</u>
	<u>512,648,536</u>	<u>8,100,975</u>	<u>12,491,269</u>	-	<u>533,240,779</u>
	At 31 December 2012				
	< 1 year	1-2 years	2-5 years	> 5 years	Total
Bank overdrafts	115,925,921	-	-	-	115,925,921
Short-term loans	258,697,225	-	-	-	258,697,225
Term loans and others	<u>14,529,807</u>	<u>9,768,474</u>	<u>8,798,801</u>	-	<u>33,097,082</u>
	<u>389,152,953</u>	<u>9,768,474</u>	<u>8,798,801</u>	-	<u>407,720,228</u>

	<u>30 Sep 2013</u>	<u>31 Dec 2012</u>
	<u>Taka</u>	<u>Taka</u>
20 Trade and other payables		
Trade payables		
Payable to local suppliers	115,199,984	116,830,904
Payable to foreign suppliers	48,676,213	4,216,270
Payable to service provider	13,970,502	8,245,099
Payable to C & F agent	9,385,182	15,053,114
	<u>187,231,881</u>	<u>144,345,387</u>
Other payables		
Tax deducted at source	8,022,399	10,102,325
VAT deducted at source	1,507,589	3,017,518
Dividend Payable	23,362,050	18,961,681
Unclaimed share application	20,434,440	21,096,835
	<u>53,326,478</u>	<u>53,178,359</u>
	<u>240,558,359</u>	<u>197,523,746</u>
21 Provision for expenses		
Power and gas	16,099,961	15,545,144
Staff cost	55,887,443	49,569,322
Audit fees	161,500	601,750
Professional charges	311,400	357,400
Interest on loans	204,174	2,154,464
Telephone	327,618	331,918
Managing Director's remuneration (Note 21.1)	29,132,116	36,225,372
Worker's profit participation and welfare fund (Note 21.2)	42,967,723	57,500,590
Doubtful debts	2,562,373	2,562,373
Others	7,965,779	8,078,898
	<u>155,620,087</u>	<u>172,927,231</u>
21.1 Managing Director's remuneration		
Balance as at 1 January	36,225,372	39,811,796
Add: Payable to Managing Director	29,132,116	36,225,372
	<u>65,357,488</u>	<u>76,037,168</u>
Less: Paid to Managing Director	36,225,372	39,811,796
Balance as at 30 September	<u>29,132,116</u>	<u>36,225,372</u>
21.2 Worker's profit participation fund		
Balance as at 1 January	57,500,590	63,193,326
Add: Contribution made to the fund during the period	42,967,723	57,500,590
	<u>100,468,313</u>	<u>120,693,916</u>
Less: Payment made from the fund during the period	57,500,590	63,193,326
Balance as at 30 September	<u>42,967,723</u>	<u>57,500,590</u>

	<u>30 Sep 2013</u>	<u>31 Dec 2012</u>
	<u>Taka</u>	<u>Taka</u>
22 Provision for royalty and technical know-how fees		
Balance as at 1 January	219,094,868	106,399,330
Add: Provision made during the period	68,748,357	112,695,538
	<u>287,843,225</u>	<u>219,094,868</u>
Less: Payment made during the period (TDS)	10,639,933	-
Less: Release during the period	14,503,783	-
Balance as at 30 September	<u><u>262,699,509</u></u>	<u><u>219,094,868</u></u>

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

23 Provision for Corporate Income Tax

Balance as at 1 January	1,455,687,469	1,085,466,420
Add: Provision made during the period	263,304,128	370,221,049
Balance as at 30 September (Note 23.1)	<u><u>1,718,991,597</u></u>	<u><u>1,455,687,469</u></u>

23.1 Provision for Corporate Income Tax

Income year

For the period	263,304,128	-
Year 2012	370,221,049	370,221,049
Year 2011	326,685,217	326,685,217
Year 2010	294,058,668	294,058,668
Year 2009	204,028,260	204,028,260
Year 2008	85,378,847	85,378,847
Year 2007	80,163,573	80,163,573
Year 2006	89,730,898	89,730,898
Year 2005	5,242,907	5,242,907
Year 2004	20,925	20,925
Year 2003	45,563	45,563
Year 2002	111,563	111,563
	<u><u>1,718,991,597</u></u>	<u><u>1,455,687,469</u></u>

	<u>Jan to Sep' 13</u>	<u>Jan to Sep' 12</u>	<u>July to Sep' 13</u>	<u>July to Sep' 12</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
24 Sales				
Gross sales (Local)	4,874,812,442	4,697,889,514	1,603,787,334	1,591,203,909
Gross sales (Export)	22,742,662	14,978,000	8,248,070	9,983,572
Total Sales	4,897,555,104	4,712,867,514	1,612,035,404	1,601,187,481
Less: Supplementary Duty	326,158,646	443,560,547	105,349,474	112,469,637
VAT	639,010,534	614,252,312	210,566,593	207,988,770
Net sales	<u>3,932,385,924</u>	<u>3,655,054,655</u>	<u>1,296,119,337</u>	<u>1,280,729,074</u>
25 Cost of sales				
Stock of finished goods as at 1 January	125,399,406	116,881,902	127,220,824	82,308,996
Add: Cost of goods manufactured (Note 25.1)	2,429,117,171	2,204,867,104	818,543,711	825,175,202
Cost of finished goods available for sale	2,554,516,577	2,321,749,006	945,764,535	907,484,198
Less: Stock of finished goods as at 30 September	164,563,414	112,529,344	164,563,414	112,529,344
	<u>2,389,953,163</u>	<u>2,209,219,662</u>	<u>781,201,121</u>	<u>794,954,854</u>
25.1 Cost of goods manufactured				
Cost of materials consumed:				
Opening stock	830,323,397	785,262,959	760,493,980	933,464,718
Add: Purchase during the period	1,416,047,849	1,212,408,112	584,916,647	370,602,923
	2,246,371,246	1,997,671,071	1,345,410,627	1,304,067,641
Less: Closing stock	885,648,090	828,582,829	885,648,090	828,582,829
	<u>1,360,723,156</u>	<u>1,169,088,242</u>	<u>459,762,537</u>	<u>475,484,812</u>
Manufacturing overhead:				
Direct labour (Note 25.1.1)	198,456,960	177,818,651	65,695,301	58,738,911
Direct expenses:				
Power and gas	112,235,959	111,088,757	38,193,878	32,621,400
Repairs and indirect materials (Note 25.1.2)	408,721,565	346,867,559	146,784,366	121,171,703
Rental charges	616,304	616,304	205,434	205,434
Moulds and punches	16,142,336	21,315,054	5,670,694	4,968,681
Depreciation	254,578,000	249,739,761	85,811,863	84,516,225
Royalty and technical know-how/assistance fees	54,244,574	84,514,256	15,407,731	29,200,418
Other production overhead (Note 25.1.3)	34,803,360	40,834,611	11,290,846	15,966,227
	<u>1,079,799,058</u>	<u>1,032,794,953</u>	<u>369,060,113</u>	<u>347,388,999</u>
Cost of production	<u>2,440,522,214</u>	<u>2,201,883,195</u>	<u>828,822,650</u>	<u>822,873,811</u>
Difference in work in process:				
Work in process as at 1 January	34,017,206	34,594,847	35,143,312	33,912,329
Work in process as at 30 September	45,422,251	31,610,938	45,422,251	31,610,938
	(11,405,045)	2,983,909	(10,278,939)	2,301,391
Cost of goods manufactured	<u>2,429,117,171</u>	<u>2,204,867,104</u>	<u>818,543,711</u>	<u>825,175,202</u>

	<u>Jan to Sep' 13</u>	<u>Jan to Sep' 12</u>	<u>July to Sep' 13</u>	<u>July to Sep' 12</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
25.1.1 Direct Labour				
Salary & Wages	118,479,481	108,678,878	39,553,772	36,212,630
Overtime	9,635,604	8,341,792	3,326,042	3,008,893
Bonus	20,004,651	13,468,951	5,521,765	3,655,221
Incentive	8,041,753	7,204,819	2,768,589	2,478,481
Temporary Labour Wages	13,386,627	10,615,226	3,617,361	3,308,410
Temporary Labour for Production	13,284,637	13,167,286	5,759,523	4,447,247
Gratuity	5,819,185	5,076,098	1,925,336	1,804,350
Employer's Contribution to provident fund	6,495,623	6,039,012	2,231,679	1,925,842
Leave Encashment	1,918	1,426,572	(47,376)	495,436
Group Life Insurance	978,478	972,245	332,634	338,999
Medical expenses	89,079	148,161	26,132	60,418
Cleaning Service Factory	2,239,924	2,679,611	679,844	1,002,984
	<u>198,456,960</u>	<u>177,818,651</u>	<u>65,695,301</u>	<u>58,738,911</u>
25.1.2 Repairs and indirect materials				
Stores, Spares, repair & Maintenance	216,725,305	159,049,945	80,484,487	58,717,803
Packing expenses	191,996,260	187,817,614	66,299,879	62,453,900
	<u>408,721,565</u>	<u>346,867,559</u>	<u>146,784,366</u>	<u>121,171,703</u>
25.1.3 Other production overhead				
Travelling & training expenses	4,086,557	4,559,911	1,060,729	1,483,376
Hotel fare and expenses for technician	2,970,880	4,331,492	1,237,784	2,294,057
Demurrage	3,093,691	2,354,742	1,313,519	1,602,355
Insurance	13,310,360	14,959,462	4,186,425	4,777,589
Fuel & Maintenance	144,850	338,476	56,591	55,963
Other expenses	11,197,022	14,290,528	3,435,798	5,752,887
	<u>34,803,360</u>	<u>40,834,611</u>	<u>11,290,846</u>	<u>15,966,227</u>
26 Other income				
Dividend income	394,503	381,245	13,182	4,325
Miscellaneous income	5,032,013	5,440,777	1,823,505	2,059,245
Profit on sale of fixed assets	2,773,705	719,719	-	-
	<u>8,200,221</u>	<u>6,541,741</u>	<u>1,836,687</u>	<u>2,063,570</u>
27 Administrative Expenses				
Staff cost (note-27.1)	93,357,887	98,617,622	26,387,225	34,497,806
Annual General Meeting expenses	22,332,379	21,349,782	1,470,266	1,985,702
Telephone, postage and supplies	4,418,715	4,115,133	1,227,307	1,166,419
Office repair and maintenance (note 27.2)	9,981,990	10,544,958	3,720,691	4,082,478
Registration and renewal	815,088	1,561,185	260,321	611,007
Security and guard expenses	7,743,970	6,414,071	2,655,417	2,259,661
Electricity, gas and water	3,927,949	3,813,196	1,327,012	1,632,011
Depreciation	20,290,288	21,793,874	6,796,747	7,359,276
Amortisation	7,255,881	8,328,157	2,372,722	2,558,777
Legal and professional fees	2,679,088	1,736,208	1,032,467	774,026
Vehicle repair and maintenance	6,526,312	6,726,188	2,078,099	2,293,463
Rent, rate and tax	5,762,509	4,452,901	1,118,004	464,775
Loss on sale of property, plant and equipment	54,403	-	(40,163)	-
Loss on sale of shares	150,379	617,655	150,379	11,716
CSR expenses	3,082,000	6,736,266	350,000	1,050,000
Managing Director's remuneration (note-27.3)	29,132,116	27,205,358	9,367,702	8,684,504
Others	5,007,857	6,568,357	1,370,586	1,660,860
	<u>222,518,811</u>	<u>230,580,911</u>	<u>61,644,782</u>	<u>71,092,481</u>

	<u>Jan to Sep' 13</u>	<u>Jan to Sep' 12</u>	<u>July to Sep' 13</u>	<u>July to Sep' 12</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
27.1 Staff cost				
Salary & Wages	68,321,572	70,184,346	19,226,111	23,215,129
Overtime	-	23,827	-	23,827
Bonus	9,625,755	7,222,024	1,243,505	2,140,101
Incentive	4,182,730	7,004,129	1,213,228	3,964,684
Gratuity	2,736,807	2,877,412	835,931	1,058,278
Employer's Contribution to provident fund	1,355,803	3,628,562	941,670	1,168,063
Leave Encashment	-	744,465	(8,202)	258,689
Group Life Insurance	556,367	546,471	142,137	192,607
Canteen expenses	815,312	730,764	287,298	273,475
Staff welfare expenses	396,639	451,246	101,708	101,345
Hotel, tour, food and air ticket	2,718,179	2,376,181	1,133,535	581,095
Food expenses	1,796,384	1,857,830	1,033,857	1,015,155
Medical expenses	484,628	469,010	157,286	89,178
Accommodation	315,380	479,026	73,081	409,065
Travelling & conveyance	52,332	22,330	6,080	7,116
	<u>93,357,887</u>	<u>98,617,622</u>	<u>26,387,225</u>	<u>34,497,806</u>
27.2 Office repair & maintenance				
Repairs office equipment	1,613,922	1,956,242	661,502	639,167
Office maintenance	7,071,721	7,686,409	2,726,659	3,190,671
Rent, rates & taxes	445,082	99,700	88,820	22,000
Others	851,265	802,607	243,710	230,640
	<u>9,981,990</u>	<u>10,544,958</u>	<u>3,720,691</u>	<u>4,082,478</u>
27.3	Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.			
28 Marketing & Selling Expenses				
Staff cost (note-28.1)	130,221,883	107,790,043	43,414,157	41,055,559
Advertisement	9,294,492	2,218,791	6,760,060	1,513,875
Freight and transportation	135,361,166	111,882,801	46,857,388	39,303,273
Performance rebates (note-28.2)	149,470,762	162,168,348	48,671,657	51,880,189
Business promotion	131,000,727	124,236,027	40,116,556	45,362,331
Depreciation	2,954,630	3,059,275	921,341	1,034,024
Discount	52,656,232	14,060,172	25,573,190	4,833,676
Travel, entertainment and others	23,636,156	19,454,231	9,270,132	7,293,905
	<u>634,596,048</u>	<u>544,869,688</u>	<u>221,584,481</u>	<u>192,276,832</u>
28.1 Staff cost				
Salary & Wages	112,957,414	91,181,114	38,338,988	34,567,866
Overtime	13,795	16,442	4,225	8,587
Bonus	7,384,865	7,597,005	1,837,631	2,829,685
Incentive	1,385,923	1,839,673	574,227	949,597
Gratuity	3,376,772	3,180,070	862,698	1,194,355
Employer's Contribution to provident fund	3,631,964	2,768,441	1,293,564	1,031,777
Leave Encashment	-	149,251	-	42,023
Group Life Insurance	598,450	562,342	134,502	224,841
Food expenses	844,699	427,959	368,322	172,313
Medical expenses	28,001	67,746	-	34,515
	<u>130,221,883</u>	<u>107,790,043</u>	<u>43,414,157</u>	<u>41,055,559</u>
28.2 Performance rebates				
Compensation	1,889,462	1,972,991	266,944	231,022
Dealers' commission	72,912,049	84,906,756	23,693,148	27,471,339
Breakage commission	74,669,251	75,288,601	24,711,565	24,177,828
	<u>149,470,762</u>	<u>162,168,348</u>	<u>48,671,657</u>	<u>51,880,189</u>

	<u>Jan to Sep' 13</u>	<u>Jan to Sep' 12</u>	<u>July to Sep' 13</u>	<u>July to Sep' 12</u>
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
29 Finance income				
Interest on bank account (SND)	2,357,115	3,818,768	1,519,633	137
Interest on associate loan	10,806,197	4,441,547	3,611,157	3,358,213
Interest on FDR	77,896,843	57,018,619	26,048,878	15,183,348
Exchange gain	6,645,808	7,113,339	(3,686,070)	6,772,979
	<u>97,705,963</u>	<u>72,392,273</u>	<u>27,493,598</u>	<u>25,314,677</u>
30 Financial cost				
Interest expenses	31,342,169	28,276,788	10,318,198	8,247,736
Bank charges	2,079,351	1,840,140	592,210	714,732
	<u>33,421,520</u>	<u>30,116,928</u>	<u>10,910,408</u>	<u>8,962,468</u>
31 Current tax				
Current period	263,304,128	261,389,884	87,579,455	87,378,063
	<u>263,304,128</u>	<u>261,389,884</u>	<u>87,579,455</u>	<u>87,378,063</u>

32 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

32.1 Credit risk

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

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

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

a) Exposure to credit risk

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

	USD	USD	Amounts in Taka	
	As at 30 Sep 2013	As at 31 Dec 2012	As at 30 Sep 2013	As at 31 Dec 2012
Trade receivables				
Customer-Local	-	-	521,420,795	594,215,356
Customer-Export	53,401	40,395	4,125,253	3,199,245
	<u>53,401</u>	<u>40,395</u>	<u>525,546,048</u>	<u>597,414,601</u>
Other receivables				
Claim Receivable			2,977,627	5,063,730
Accrued Interest			16,812,385	17,237,758
Others			577,535	1,794,308
			<u>20,367,547</u>	<u>24,095,796</u>
Loan to associates				
RAK Paints Pvt. Ltd.			100,000,000	100,000,000
			<u>100,000,000</u>	<u>100,000,000</u>
Cash equivalents			<u>1,250,054,789</u>	<u>984,618,885</u>

b) Ageing of receivables

The ageing of trade receivables as at 30 September was:

	Amounts in Taka	
	As at 30 Sep 2013	As at 31 Dec 2012
Not past due		
0-90 days past due	512,062,841	588,493,761
91-180 days past due	2,561,637	1,069,037
181-365 days past due	3,231,225	387,775
over 365 days past due	7,690,345	7,464,028
	<u>525,546,048</u>	<u>597,414,601</u>

32.2 Liquidity risk

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

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

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

	As at 30 September 2013			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	174,965,026	174,965,026	174,965,026	-
Trade and other payables	240,558,359	240,558,359	240,558,359	-
Short term borrowing (foreign)	297,938,340	297,938,340	297,938,340	-
Short term borrowing (local)	25,595,449	25,595,449	25,595,449	-
Term loan	34,741,964	34,741,964	14,149,721	20,592,243
	<u>773,799,138</u>	<u>773,799,138</u>	<u>753,206,895</u>	<u>20,592,243</u>

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

32.3 Market risk

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

a) Currency risk

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

i) Exposure to currency risk

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

	As at 30 September 2013		As at 31 December 2012	
	USD	EUR	USD	EUR
Foreign currency denominated assets				
Receivable from customers-Export	53,401	-	40,395	-
Cash at bank	41,704	-	113,611	-
	<u>95,105</u>	<u>-</u>	<u>154,006</u>	<u>-</u>

	As at 30 September 2013			As at 31 December 2012	
	USD	EUR	AED	USD	EUR
Foreign currency denominated liabilities					
Trade payables	84,604	1,016,880	33,511	64,980	229,485
Short term bank loan	3,807,519	-	-	2,818,981	-
Royalty & Technical Fees	3,357,182	-	-	2,731,856	-
	<u>7,249,305</u>	<u>1,016,880</u>	<u>33,511</u>	<u>5,615,817</u>	<u>229,485</u>
Net exposure	<u>(7,154,200)</u>	<u>(1,016,880)</u>	<u>33,511</u>	<u>(5,461,812)</u>	<u>(229,485)</u>

The Company has foreign exchange gain of Tk 6,645,808 during the period ended 30 Sep 2013 (30 Sep 2012: Exchange gain Tk 7,113,339).

The following significant exchange rates have been applied:

	Exchange rate as at	
	30 Sep 2013	31 Dec 2012
	Taka	Taka
US Dollar	77.7500	79.7000
EURO	104.3259	105.4780
AED	21.1708	21.7014

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 30 September would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 September 2013		As at 31 December 2012	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 Sep				
USD (3 percent movement)	(221,264)	208,375	(168,922)	159,082
EUR (3 percent movement)	(31,450)	29,618	7,097	6,684
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 30 September 2013	As at 31 December 2012
	Taka	Taka
Fixed rate instruments		
Financial assets		
Investment in FDR	1,066,667,550	777,260,474
Cash at banks	183,387,239	207,358,411
Financial liabilities		
Term loan	34,741,964	33,097,082
Bank overdraft	174,965,026	115,925,921
Short term borrowing (foreign)	297,938,340	226,107,635
Short term borrowing (local)	25,595,449	32,589,590

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

	As at 30 September 2013		As at 31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	Taka	Taka	Taka	Taka
Financial assets				
Held to maturity assets				
Investment in FDR	1,066,667,550	1,066,667,550	777,260,474	777,260,474
Loans and receivables				
Trade receivables	525,546,048	525,546,048	597,414,601	597,414,601
Other receivables	20,367,547	20,367,547	24,095,796	24,095,796
Loan to associates	100,000,000	100,000,000	100,000,000	100,000,000
Cash equivalents	1,250,054,789	1,250,054,789	984,618,885	984,618,885
Financial liabilities				
Liabilities carried at amortised costs				
Term loan	34,741,964	34,741,964	33,097,082	33,097,082
Bank overdraft	174,965,026	174,965,026	115,925,921	115,925,921
Trade and other payables	240,558,359	240,558,359	197,523,746	197,523,746
Short term borrowing (foreign)	297,938,340	297,938,340	226,107,635	226,107,635
Short term borrowing (local)	25,595,449	25,595,449	32,589,590	32,589,590

Interest rates used for determining amortised cost

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

	<u>30 September 2013</u>	<u>31 December 2012</u>
Investment in FDR	4%-11.25%	3.25%-12.50%
Term loan	12.00%-17.00%	12.00%-16.00%
Bank overdraft	14.25%-15.50%	14.25%-15.50%
Short term bank loan (local currency)	14.50%	14.50%-15.50%
Short term bank loan (foreign currency/USD)	Libor 0.36650%	Libor 0.50825%

33 Related party disclosures

During the period ended 30 September 2013, Company entered into a number of transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and amount thereof have been set out below in accordance with the provisions of BAS 24: Related Party Disclosures.

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

	<u>30 Sep 2013</u>	<u>30 Sep 2012</u>
	<u>Taka</u>	<u>Taka</u>
Subsidiary companies		
Purchase of goods/services	181,056,424	173,038,733
Interest receivables	222,096,499	140,536,383
Rental Income	4,108,696	4,108,696
Loan	500,000,000	518,147,517
Outstanding payables	20,077,392	19,542,242
Outstanding receivables	4,108,696	7,201,604
Equity-accounted investees		
Purchase of goods/services	36,337,614	31,793,175
Interest receivables	3,370,231	4,441,546
Loan	100,000,000	100,000,000
Outstanding payables	4,992,956	2,864,106
Key management personnel		
Remuneration	40,616,093	40,753,358
Outstanding remuneration payables	29,527,081	28,477,358
Other related parties		
Sales of goods/services	1,478,964,703	1,568,366,709
Purchase of goods/services	164,934,793	157,455,638
Outstanding payables	26,997,721	16,943,825
Outstanding receivables	405,151,387	386,133,231

34 Segment reporting

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

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

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

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

All other:

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

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

30 September 2013

	Business Segments					
	Ceramic & sanitary ware	Pharmaceuticals	Power	All other	Inter segment	Entity total
	Taka	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	3,562,144,399	341,605,973	28,635,552	-	-	3,932,385,924
Revenue - inter segment	-	-	187,178,584	-	(187,178,584)	-
Total segment revenue	3,562,144,399	341,605,973	215,814,136	-	(187,178,584)	3,932,385,924
Cost of sales- external customer	(2,112,596,697)	(160,113,262)	(117,243,204)	-	-	(2,389,953,163)
Cost of sales- inter segment	(191,287,280)	-	-	-	191,287,280	-
Total segment cost of sales	(2,303,883,977)	(160,113,262)	(117,243,204)	-	191,287,280	(2,389,953,163)
Gross profit	1,258,260,422	181,492,711	98,570,932	-	-	1,542,432,761
Other income	36,444,901	5,032,013	-	44,503	(33,321,196)	8,200,221
Financial income	158,453,337	702,522	467,065	39	(61,917,000)	97,705,963
Financial expenses	(9,736,369)	(85,302,747)	(298,284)	(1,120)	61,917,000	(33,421,520)
Depreciation	(221,239,857)	(33,892,775)	(22,690,287)	-	-	(277,822,919)
Other operating expenses	(362,827,975)	(276,857,120)	17,580,811	(155,379)	-	(622,259,663)
Share of profit of equity-accounted investee	-	-	-	-	-	(40,131,284)
Segment profit before tax	859,354,459	(208,825,396)	93,630,237	(111,957)	-	674,703,559
Income tax expense	(228,192,789)	-	(35,111,339)	-	-	(263,304,128)
Non -Controlling interest	-	(93,971,428)	25,163,126	(54,859)	-	(68,863,161)
Profit for the period	-	-	-	-	-	480,262,592

30 September 2012

Business Segments

	Ceramic & sanitary ware	Pharmaceuticals	Power	All other	Inter segment	Entity total
	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>	<u>Taka</u>
Revenue - external customers	3,380,570,234	246,464,809	28,019,612	-	-	3,655,054,655
Revenue - inter segment	-	-	178,649,618	-	(178,649,618)	-
Total segment revenue	<u>3,380,570,234</u>	<u>246,464,809</u>	<u>206,669,230</u>	<u>-</u>	<u>(178,649,618)</u>	<u>3,655,054,655</u>
Cost of sales- external customer	(1,942,837,637)	(149,049,018)	(117,333,007)	-	-	(2,209,219,662)
Cost of sales- inter segment	(182,758,314)	-	-	-	182,758,314	-
Total segment cost of sales	<u>(2,125,595,951)</u>	<u>(149,049,018)</u>	<u>(117,333,007)</u>	<u>-</u>	<u>182,758,314</u>	<u>(2,209,219,662)</u>
Gross profit	<u>1,254,974,283</u>	<u>97,415,791</u>	<u>89,336,223</u>	<u>-</u>	<u>-</u>	<u>1,445,834,993</u>
Other income	27,857,731	6,131,461	-	31,245	(27,478,696)	6,541,741
Financial income	132,133,827	(111,744)	48,391	77	(59,678,278)	72,392,273
Financial expenses	(12,685,876)	(71,975,442)	(5,132,530)	(1,358)	59,678,278	(30,116,928)
Depreciation	(216,102,115)	(36,001,648)	(22,489,147)	-	-	(274,592,910)
Other operating expenses	(322,515,697)	(237,701,784)	16,870,054	(693,370)	-	(544,040,797)
Share of profit of equity-accounted investee	-	-	-	-	-	(62,016,362)
Segment profit before tax	<u>863,662,153</u>	<u>(242,243,366)</u>	<u>78,632,991</u>	<u>(663,406)</u>	<u>-</u>	<u>614,002,010</u>
Income tax expense	(230,984,092)	-	(30,405,792)	-	-	(261,389,884)
Non -Controlling interest	-	(109,009,514)	20,737,696	(325,070)	-	(88,596,888)
Profit for the period	<u>-</u>	<u>(109,009,514)</u>	<u>20,737,696</u>	<u>(325,070)</u>	<u>-</u>	<u>441,209,014</u>

	<u>30 Sep 2013</u>	<u>30 Sep 2012</u>
	Taka	Taka
35 Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
Earnings attributable to the ordinary shareholders		
Profit attributable to equity holders of the Company	<u>480,262,592</u>	<u>441,209,014</u>
No. of ordinary equity shares	<u>306,227,828</u>	<u>306,227,828</u>
Weighted average no. of equity shares outstanding (Note 35.1)	<u>306,227,828</u>	<u>306,227,828</u>
Earnings per share (EPS) for the period	<u>1.57</u>	<u>1.44</u>

35.1 Weighted average number of ordinary shares

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

	<u>30 Sep 2013</u>	<u>30 Sep 2012</u>
Outstanding shares	278,388,935	278,388,935
Effect of issue of bonus shares for the year 2012	<u>27,838,893</u>	<u>27,838,893</u>
	<u>306,227,828</u>	<u>306,227,828</u>

35.2 Diluted earning per share

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

36 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 825,548,353 (30 Sep 2012: Tk 244,099,667). Considering the merits of the cases, it has not been deemed necessary to make provisions for all such disputed claims.

There is also contingent liability in respect of outstanding letters of credit of Tk 298,227,806 (30 Sep 2012: Tk 611,122,457) and letter of guarantee of Tk 38,164,522 (30 Sep 2012: Tk 39,095,184).

37 Other disclosures

37.1 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. Excess amount of royalty provision up to 30 September 2012 for BDT. 14,503,783 have been adjusted with current year royalty provision.

Abhijit Chakraborty