

VISION

Maintain our position and be the leader in the textile dying chemical industry by producing the best quality textile dying chemical products, continuously enhancing customer satisfaction and becoming a reliable business partner of our Customers and Suppliers.

Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization.

Protect the interest of our shareholders through sustainable growth and value creation.

Preserve the trust of all stakeholders by adopting ethical business practices.

Savings foreign currencies by producing import substitute textile dying chemical products.

Support the society through Corporate Social Responsibility initiatives.



MISSION



Our Mission is to produce and export best quality textile dying chemicals to the textile industries, maintain ethical standard in business operation also ensuring benefit to the shareholders, stakeholders and the society at large.

Objectives

Our objectives are to conduct transparent business operation within the legal & social frame work with aims to attain the mission reflected by our vision.

Corporate Focus

Our vision, mission and objectives are to emphasize on the quality of product, process and services.



Picture of 9th Annual General Meeting -2016





Table Of Contents	Page No
1. Transmittal Letter 04	04
2. Notice of the Annual General Meeti	ng 05 05
3. Corporate Directory 06	06
4. Board of Directors 07-08	07-08
5. Audit Committee Report 9	09
6. Report of the CEO and the CFO 10	10
7. Message from the Chairman 11-12	11-12
8. Directors' Report 13-18	13-18
9. Certificate of BAPLC 19	19
10. Certificate on Compliance of Corp	orate Governance Guideline 20 20
11. Corporate Guideline review Repor	t 21-26 21-26
Financial Report	
12. Auditor's Report	27
13. Statement of Financial Position	28
14. Statement of Profit or Loss and Otl	her Comprehensive Income 29
15. Statement of Changes in Equity	30
16. Statement of Cash Flows	31
17. Notes to the Financial Statements	32-50
18. Schedule of Fixed Assets 51	51
10 Provy Form & Attendance Slin 53	53

TRANSMITTAL LETTER

The
Shareholders
Bangladesh Securities and Exchange Commission
Registrar of Joint Stock Companies & Firms
Dhaka Stock Exchange Ltd.
Chittagong Stock Exchange Ltd.

Sub: Annual Report for the year ended June 30, 2017

Dear Sir(s)

We are pleased to enclose a copy of the Annual Report together with the Audited Financial Statements including Statement of Financial Position as at **30**th **June 2017**, Statement of Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year ended **30**th **June 2017** along with notes thereon for your reference and record.

Yours sincerely,

ABM Golam Mostafa FCMA Company Secretary

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 10th Annual General Meeting of the shareholders of FAR Chemical Industries Ltd. will be held on December 20, 2017 (Wednesday) at 12:00 P.M. at Bir Chandra Nagar Gono Pathagar and Nagar Milaynayatan (Town Hall) Kandirpar, Comilla to transact the following business:

AGENDA

- 1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 30th June, 2017 together with reports of the Auditors and the Directors thereon.
- 2. To declare 10% Stock Dividend as recommended by the Board of Directors.
- 3. To elect Directors.
- 4. To appoint Auditors for the year 30th June 2018 and to fix their remuneration.
- 5. To transact any other business of the Company with the permission of the Chair.

By order of the Board,

Dhaka.

November 06, 2017

(ABM Golam Mostafa FCMA)

Company Secretary

Notes:

- (1) The Record Date of the Company shall be on 16 November, 2017.
- (2) The Shareholders whose name will appear in the Share Register of the Company or in the Depository on the record date i.e. 16 November, 2017, will be entitled to attend at the Annual General Meeting and to entitle the dividend.
- (3) A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Share Office at House No: 11 (Floor: 5-A), Road No: 12, Niketon, Gulshan-1, Dhaka-1212 not later than 48 hours before the time fixed for the meeting.
- (4) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or Proxy-holder(s).
- (5) The Annual Report of the company is available at www.farchemicalbd.com
- (6) No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c)

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman: Mr. Abid Mustafizur RahmanManaging Director: Mr. Md. Shirazul HaqueDirector: Mr. Rezaur Rahman RajonDirector: Mr. Faiaz Kader Sadman

Director : Mr. Mohammad Mehedi Hasan Independent Director : Mr. Akik Habibuzzaman

Independent Director : Mr. Md. Abdullah

AUDIT COMMITTEE

Chairman : Mr. Akik Habibuzzaman

Member : Mr. Rezaur Rahman Rajon

Member : Mr. Faiaz Kader Sadman

Member : Mr. Md. Abdullah

Member Secretary : Mr. ABM Golam Mostafa FCMA

SENIOR CORPORATE OFFICIALS

Chief Financial Officer : Mr. A.K.M Atiqur Rahman
Company Secretary : Mr. ABM Golam Mostafa FCMA
Head of Internal Audit : Mr. Gopal Chandra Basak
DGM Marketing : Sudip Banik, MBA

AUDITORS'

Shiraz Khan Basak & Co, Chartered Accounts

BANKERS

SOCIAL ISLAMI BANK Limited, PRINCIPAL BRANCH, MOTIJHEEL, DHAKA.
BANK ASIA LIMITED, SCOTIA BRANCH, OLD AIRPORT ROAD, TEJGOAN, DHAKA.
AL-ARAFAH ISLAMI BANK LTD, PRAGATI SARANI BRANCH, MIDDLE BADDA, DHAKA-1212.

CORPORATE OFFICE

House # 11 (Floor:5A), Road # 12, Niketon, Gulshan-1, Dhaka-1212, Bangladesh

REGISTERED OFFICE & FACTORY

Plot # 135-136

Comilla Export Processing Zone,

Comilla, Bangladesh

SHORT BIO-DATA OF DIRECTORS

Mr. Abid Mostafizur Rahaman Chairman

Mr. Abid Mustafizur Rahaman MBA, aged 28, is the youngest Chairman of the company. He has traveled many countries including Japan, China, Hong Kong, India, Germany,UK and USA to obtain textile dying chemical industry details like its processing, marketing and administrative activities. He is well accepted to all in the company because of his friendly attitude and hard working nature. He engaged himself in various social activities



Mr. Md. Shirazul Haque Managing Director

Mr. Md. Shirazul Haque, MBA aged 39, is the Managing Director of the company. He has traveled many countries of the world in connection of business. He has vast knowledge in textile dying chemical industry details like its processing, marketing and administrative activities. He is well accepted to all in the company because of his friendly attitude and hardworking nature. He engaged himself in various social activities also.



Mr. Rezaur Rahman Rajon Director

Mr. Rejaur Rahman, aged 27 is Director of FAR Chemical Industries Ltd. After completion of MBA he joined in the company. By the course of time he has shown his personal skills, due leadership behavior, very profound business concept. He involved himself in many social activities. He visited Korea, India and German for gaining technical knowhow of dyeing industry and latest development of production technology.



Mr. Faiaz Kader Sadman Director

Faiaz Kader Sadman, aged 24, is the youngest director of the company. After completion of BBA he engaged himself with FAR Chemical Industries Ltd. He already has shown his skills in company's different activities. His interpersonal skills, leadership behavior, analytical ability and hard working nature made him one of the worthy directors.



Mr. Mohammad Mehedi Hasan Director

Mr. Mohammad Mehedi Hasan, MBA aged 43, is the Director of the company. He has vast knowledge in textile dying chemical industry details like its processing, marketing and administrative activities. He has traveled many countries of the world in connection of business. He engaged himself in various social activities also.



Mr. Akik Habibuzzaman

Independent Director

Mr. AKIK HABIBUZZAMAN, aged 43, is the Independent Director of the company. After completion of M.Com, CA (CC), he started his career in the field of Finance & Accounts in different Ready Made Garments, Textile and Yarn Dyeing industries. During his service tenure he worked different capacities like CFO and Head of Corporate affairs. He is a knowledgeable person who is not involved with any sponsors/shareholders of the Company.



Mr. Md. Abdullah Independent Director

Mr. Md. Abdullah, aged 38, is the Independent Director of the company. After completion of MBA, he started his career in the field of Finance & Accounts in different Textile and Yarn Dyeing industries. During his service tenure he worked different capacities like CFO and Corporate affairs. He is a knowledgeable person who is not involved with any sponsors/shareholders of the Company.



Annual Report 2016-2017 FAR CHEMICAL INDUSTRIES LTD.

September 30, 2017

To,

The Board of Directors

From:

The Audit Committee

Subject: Report of the Audit Committee.

The Audit Committee of FAR Chemical Industries Ltd. oversees the financial reporting process on behalf of the Board of Directors of the Company. The committee reviewed and discussed the financial statements and related schedules with the Company management, accounting principles, control procedures, procedure and task of the internal audit and the external auditors' observations in their reports on the draft financial statements and significant judgment on the preparation & presentation of financial reports of the Company for the year ended 30th June, 2017.

In fulfilling its oversight responsibilities, the Committee discussed with the Company's internal Auditors and Statutory Auditors about the overall scope and plans for their respective audit works. The Committee met with internal auditors, external auditors and management to discuss for the results of their examinations and for their evaluation of the Company's internal control and overall quality of the Company's financial reporting.

The Committee found the statements adequate arrangement to present a true and fair view of the financial status of the Company, and did not find any significant material deviation or any adverse findings in the areas of reporting and disclosures.

Sd/-

Akik Habibuzzaman

Chairman

Audit Committee

FAR Chemical Industries Ltd.

Report of the CEO and the CFO

to the Board of Directors of FAR Chemical Industries Limited

We have reviewed accompanying Financial Statements of FAR Chemical Industries Limited which comprise the Statement of Financial Position as at 30 June 2017, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the period ended on 30 June 2017 and a summary of significant accounting policies and other explanatory notes.

These financial statements have been prepared and presented fairly in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh.

The Company has taken proper and sufficient care in installing a system of internal control, which is reviewed, evaluated and updated on an ongoing basis. The internal control and compliance department of the company conducts periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed.

Based on the internal control system of the company and our review of these financial statements, we certify that to the best of our knowledge and belief:

- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii) these statements together present a true and fair view of the company's affairs and are in accordance with existing accounting standards and applicable laws;
- iii) no transactions entered into by the company during the year / period which are fraudulent, illegal or violation of the company's code of conduct;
- iv) proper books of accounts as required by law have been kept by the company;
- v) the expenditure incurred was for the purposes of the company's business;

vi)adequate provisions have been made for the preparation of financial statements.

Md. Shirazul Haque Managing Director

S. Heigh

A.K.M Atiqur Rahman Chief Financial Officer

Date: 27 September 2017.



Message from the Chairman

Bismillahir Rahmnir Rahim, Dear Shareholders, Assalamu Alykum,

Good Morning. On behalf of myself and the Board of Directors, I welcome you all to this 10th Annual General Meeting of your Company. It is my pleasure to present before you the Audited Financial Statements, Auditors Report and Directors Reports for the year ended 30th June 2017.

PERFORMANCE REVIEW

In the year 2016-2017 turnover of your company has slightly decreased from Tk 1,492.74 million to Tk.1,436.57 million Compare to the last year. It has become possible due to collective effort and increased quality of products and efficiency.

MARKETING & PROMOTION

Your company's activities during the year kept rapidity with the symbolic progress. Improved network among traders and consumers have made potential for our marketing panel to continue the market base. This has become possible due to our commitment to the customers and continuous effort to improve on quality of products and services. We hope to carry on our endeavor through the year ahead at the same speed and competency.

ENVIRONMENTAL & ECOLOGICAL OBLIGATION

You are entirely aware that maintaining suitable environmental and ecological balance is very important for a healthy society & nationalized improvement. We are evenly concerned and have been patiently pursuing the principle of maintaining appropriate environment, reducing environmental pollution and established a zero tolerance policy in order to make sure that we become environment friendly, not destroyers. We strongly believe that a healthy society can bring out the best for society.

ACKNOWLEDGEMENTS

The world economy is struggling hard to rehabilitate and revive financially. As you know, our revenue is generated from exporting, and due to the unbalanced global factors we faced difficulties in marketing our products on a regular basis. Despite of various limitations and interference your company had continued its successful year in 2016-2017. However, we have set on a mission of Globalization using all of our experience, expertise and know-how developed in Bangladesh over the years. We are growing our perspective and we can attain this with our spiritual strength on our people and skill.

CONCLUSION

I would like to express my sincere thanks to our respected shareholders for extending continuous support and confidence on the Board of Directors of the Company. I would also like to place on record my appreciation of thanks to our bankers and financial institutions, BEPZA, BSEC, DSE, CSE, RJSC, Suppliers, Customers and other stakeholders with whom we have been interacted in course of business for their continuous support throughout these challenging times. The success we have achieved so far was only possible because of the collective efforts of all concerned. Once again, I convey my heartiest thanks to all our stakeholders and look forward their continued support and co-operation in future.

Finally, my gratitude goes out to each and every loyal staff and management team member of the company for their efforts despite adverse external factors, to sustain high service levels and support the company with their hard work, dedication and loyalty.

Thanking you all with wishes of healthy and prosperous life.

Abid Mustafizur Rahman

Chairman

WMO9

Annual Report 2016-2017

DIRECTORS' REPORT

Bismillahir Rahmnir Rahim, Dear Shareholders, Assalamu Alykum,

On behalf of the members of the Board of Directors of your company and on my own behalf, I welcome you all to the 10th Annual General Meeting of FAR Chemical Industries Limited. We members of the Board are pleased to present Directors' Report, Auditors' Report and Audited Financial Statements for the year ended 30th June, 2017 before you for your consideration and approval.

(i) Industry outlook and possible future developments in the industry:

You know that your company's products are the raw materials of garments and textile sector. So our production and sales are depends on uninterrupted production of textile and garment industries. The garments and textile sectors has gone through lot of obstacles. But this has not affected the growth of the sector, regardless of rising energy and raw material costs and ever growing labor unrest.

The ongoing global economic crisis is having an impact on all export dependent economies. Even high performing countries like China and India have recorded slowdowns. Other high performing economies like those of Thailand, Philippines and Indonesia are also suffering badly because of the ongoing crisis. In contrast, export of textile products from Bangladesh surprisingly remains quite buoyant. Readymade Garments exports have increased by significant percent, during the year 2016-2017 over the corresponding period of last year.

The industry has set a target of USD 56 billion exports by 2017, which would create an additional 1.38 million job opportunities within the sector and subsequently open up opportunities across different occupations. Many challenges have remained unresolved, but the overall outlook for this nation's industry remains bright.

(ii) Segment-wise or product –wise performance:

The following table indicates revenue of major products and its contribution percentage for the last two comparative periods:

Products	Year ended 30-6	-2017	Year ended :	30-6-2016
	Taka	Percentage	Taka	Percentage
Softening Agent	411,541,276	28.66%	471,548,769	32%
Scouring Agent	163,223,959	11.36%	160,521,548	11%
Anti-Foaming Agent	108,054,189	7.52%	109,215,433	7%
Levelling Agent	129,105,215	8.99%	138,451,260	9%
Fixing Agent	102,042,168	7.10%	101,254,012	7%
Stabilizer	191,405,186	13.32%	194,287,913	13%
Retarding Agent	185,142,168	12.89%	180,685,428	12%
Bleaching Agent	56,210,357	3.91%	50,352,105	3%
Others	89,845,168	6.25%	86,421,578	6%
Total	1,436,569,686	100%	1,492,738,046	100%

(iii) Risks and concerns:

You know that your company's products selling is directly depends on the production of garments and textile sector. All sectors of the garments and textile industries face many of the same challenges. The main problems are lack of power and problem with labor unrest causing disruption of production. Price of grid electricity for industries is likely to increase as well. Gas price has increased for the industries but the government has further hinted the raise as well. Hence, coming year could be a year when the industries may need to be prepared to pay more for energy and fuel. So, this forcing the sector to be more cost effective in the ever challenging international market.

(iv) Analysis of Cost of Goods sold, Gross Profit Margin and Net Profit Margin:

(a) Cost of Goods Sold:

This year's cost of goods sold was Tk. 1,122.82 million as compared to last year's cost of goods sold of Tk. 1,130.04 million. This is due to the fact that there has been an increased of manufacturing overhead and average production quantity. Production capacity utilized during the year was 92.34%. There was an increase in wages and salaries to the tune of Tk. 1.36 million as compared to last year.

(b) Gross Profit:

The company has achieved an export turnover of Tk. 1,436.57 million during the year ended 30th June, 2017. Last year's turnover was Tk. 1,492.74 million. The decrease in turnover is 3.76% compare to the last year. Gross profit earned during the year was Tk.313.75 million as compared to last year's gross profit of Tk. 362.70 million.

(c) Net Profit:

Net profit (after tax) earned during the year was Tk.292.61 million as compared to last year's Net profit (after tax) of Tk. 344.51 million. During the year net profit after tax has decreased due to increase of manufacturing overhead.

(v) Extra-Ordinary gain or loss:

During the year there is no such gain or loss.

(vi) Related party transactions:

During the year the company has carried out transactions with related parties besides the normal course of business, details are given below:

Name of related party	Relationship	Nature of transaction	Transaction value during the year	Outstanding balance as on June 30, 2017
M.L Dyeing Ltd	Common Director	Sale of Goods	15,241,873	3,745,182

(vii) Variance between Quarterly Financial performance and Annual Financial Statements:

There is no significant variance between the Quarterly Financial performance and Annual Financial Statements. (viii) Remuneration to directors including independent directors:

The remunerations of Directors are as follows:

Name	Status	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	12,000	12,000
Md. Shirazul Haque(Representative of FAR Pharmaceuticals Ltd.)	Managing Director	161,667	4,000	165,667
Mr. Kim Jong Suk	Past MD	438,333	8,000	446,333
Mr. Rezaur Rahman Rajon	Director	_	10,000	10,000
Md.Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	-	4,000	4,000
Mr. Akik Habibuzzaman	Independent Director	-	12,000	12,000
Mr. Md. Abdullah	Independent Director	-	12,000	12,000
Mr. Faiaz Kader Sadman	Director	-	12,000	12,000
Total		600,000	74,000	674,000

(ix) Statement of Directors on Financial Reports:

The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- a) Proper books of account of the issuer company have been maintained.
- b) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- c) International Accounting Standard (IAS)/ Bangladesh Accounting Standard (BAS)/International Financial Reporting Standard (IFRS)/ Bangladesh Financial Reporting Standard (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there- from has been adequately disclosed.
- d) The system of internal control is sound in design and has been effectively implemented and monitored.
- e) There are no significant doubts upon the issuer company's ability to continue as a going concern.

(x) Deviation from the last year's operating results:

The operating results in this year is slightly lower than the last year. The management's continuous endeavor to grow and sustain the pressure of international competitive market.

Annual Report 2016-2017

(xi) Key operating and financial data of last preceding 5 (five) years: Operational Data:

Particulars	Year ended as on					
	30.06.2017	30.06.2016	30.06.2015	30.06.2014	30.06.2013	
Turnover (Tk)	1,436,569,686	1,492,738,046	1,308,365,030	1,198,194,039	1,097,422,6	
Gross Profit (Tk)	313,746,404	362,697,097	309,624,377	282,983,442	404,456,039	
Operating Profit (Tk)	292,802,973	344,222,450	293,728,345	237,638,491	397,323,834	
Net Profit before tax (Tk)	292,605,512	344,511,101	298,461,130	281,711,185	395,582,363	
Net Profit after tax (Tk)	292,605,512	344,511,101	298,461,130	281,711,185	395,582,363	
Basic EPS (Tk)	1.79	2.52	2.73	3.45	5.01	
Dividend per share (%)	10%	25%	25%	20%	100%	

(xii) Key operating and financial data of last preceding 5 (five) years:

Financial Data:

Dautianlans		Ye	ar ended as on		
Particulars	30.06.2017	30.06.2016	30.06.2015	30.06.2014	30.06.2013
Authorized Capital (Tk)	3,000,000,000	3,000,000,000	1,310,000,000	1,310,000,000	1,010,000,000
Paid up Capital (Tk)	1,638,568,160	1,365,473,470	1,092,378,780	910,315,650	790,315,650
Face value per share (Tk)	10	10	10	10	10
Retained Earnings (Tk)	859,044,368	907,807,220	836,390,809	719,992,809	438,281,624
Current Assets (Tk)	1,115,599,812	1,125,987,198	1,113,378,741	918,381,573	605,954,364
Current Liabilities (Tk)	49,029,655	46,756,505	45,687,406	89,205,183	83,881,290
Current Ratio	22.75	24.08	24.37	10.30	7.22
Quick Ratio	14.23	15.58	16.17	6.88	4.79
Debt-Equity Ratio	N/A	N/A	N/A	N/A	N/A
Time Interest Earned Ratio	503.40	739.92	1618.12	361.06	197.07
Return on Assets	20.47%	28.89%	34.72%	35.23%	56.11%
Return on Equity	11.72%	15.15%	15.47%	17.28%	32.20%
Earnings per share	1.79	2.52	2.73	3.45	5.01
Number of Shares	163,856,816	136,547,347	109,237,878	91,031,565	79,031,565
Number of Shareholders	14,392	12,801	9,159	3,654	22

(xiii) Number of Board Meetings:

The Board met 6 times during the year. Following table shows the attendance of Directors in the meeting:

Name of the Director	Position	No of Meeting held during the year	No of Meeting attended
Mr. Abid Mustafizur Rahman	Chairman	6	6
Md. Shirazul Haque(Representative of FAR Pharmaceuticals Ltd.)	Managing Director	6	2
Mr. Kim Jong Suk	Past MD	6	4
Mr. Rezaur Rahman Rajon	Director	6	6
Md.Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	6	2
Mr. Akik Habibuzzaman	Independent Director	6	6
Mr.Abdullah	Independent Director	6	6
Mr. Faiaz Kader Sadman	Director	6	6

The members who could not attend the meeting were granted leave and outside of the country.

(xiv) The pattern of shareholding:

- a) Parent/ Subsidiary/ Associated Companies and other related parities

 Number of shares held: Nil
- b) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer and Head of Internal Audit:

Name	Position	Number of share held
Mr. Abid Mustafizur Rahman	Chairman	6,030,000
Md. Shirazul Haque(Representative of FAR Pharmaceuticals Ltd.)	Managing Director	11,003,500
Md.Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	11,003,500
Mr. Rezaur Rahman Rajon	Director	6,270,000
Mr. Faiaz Kader Sadman	Director	12,499,938
Mr. ABM Golam Mostafa,FCMA	Company Secretary	Nil
Mr. A.K.M Atiqur Rahman	CFO	Nil
Mr. Gopal Chandra Basak	Head of Internal Audit	Nil

c) Senior Corporate Executives :

Number of shares held: Nil

d) Shareholders holding ten percent (10%) or more voting interest in the company: None

(xv) Appointment/ re-appointment of directors of the company:

Mr. Abid Mustafizur Rahman, Md. Shirazul Haque and Mr. Md.Mehedi Hasan will resign and be reappointed.

(xvi) Auditors:

Present Auditors' Shiraz Khan Basak & Co, Chartered Accounts will retire in the 10th AGM. AHMAD & AKHTAR, Chartered Accounts (Affiliated with Russell Bedford International, UK) being eligible to audit for the year ended 30th June 2018 as per order of Bangladesh Securities and Exchange Commission (BSEC) No SEC/CMRRCD/2009-193/174/Admin/61 dated July 08, 2015 they have conveyed their willingness to accept for appointment.

(xvii) Corporate Governance Compliance Report:

In accordance with the requirement of the Bangladesh Securities and Exchange Commission, Corporate Governance Report is annexed.

The board of directors wishes to place on record their appreciation of thanks to shareholders, customers and suppliers for their continued support. Your Directors also wish to place on record their appreciation for the contribution made by the employees at all levels to the continued growth and prosperity of the company.

The Board would also like to thank all stakeholders including banks, Insurance Companies, BEPZA, BSEC, DSE, CSE, CDBL, RJSC and various government authorities, trade bodies for their extended cooperation.

(xviii) Company's Expansion Program:

It's a great pleasure to inform all valued shareholders and other stakeholders that your company has decided to set up a textile industry at Rupgonj, Narayangonj as its 2nd unit . The company has already purchased 242.53 decimal of land in this regard.

On behalf of the Board

W104

Abid Mustafizur Rahman

Chairman

CERTIFICATE OF BAPLC



CERTIFICATE ON COMPLIANCE

of

Corporate Governance Guidelines

(Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012)

We have reviewed the compliance of conditions of the Corporate Governance by FAR Chemical Industries Limited (the "Company") for the year ended 30th June 2017. Such compliance is the responsibility of the company as stipulated in the above mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

We have conducted our review in a manner that has provided us a reasonable basis for evaluating the compliances and expressing our opinion thereon. The review has been limited to the measures adopted by the Company in ensuring such compliances and this has not been for expression of opinion on the financial statements or future viability of the Company.

According to the information and explanations provided to us by the Company, We hereby certify that all the conditions of the Corporate Governance Guidelines have been complied with by the Company.

Dhaka, September 24, 2017

Mujibur Rahman & Co.
Cost & Management Accountants

Annual Report 2016-2017

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRC-D/2006-158/134/Admin/44 dated 07 August 2012 issued under section 2CC of the Securities and Exchange Ordinance, 1969:

(Report under Condition No. 7.00)

Condition No.	Title	Put √	priate Not	Remarks
1.1	Board's Size	√	Complied	
1.2 (i)	Independent Directors: one fifth (1/5) of the total number of directors	√		
1.2 (ii) a)	Does not hold any share in the company or holds less than one percent (1%) shares of the total paid-up shares of the company	√		
1.2 (ii) b)	Not a sponsor of the company and is not connected with the company's any sponsor or director or shareholder who holds one percent (1%) or more shares of the total paid-up shares of the company on the basis of family relationship	√		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	√		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	√		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	√		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of the concerned company's statutory audit firm	√		
1.2 (ii) g)	who shall not be an independent director in more than 3 (three) listed companies	√		
1.2 (ii) h)	who has not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a Non-Bank Financial Institution (NBFI)	√		
1.2 (ii) i)	who has not been convicted for a criminal offence involving moral turpitude	√		
1.2 (iii)	Shall be appointed by the board of directors and approved by the shareholders in the Annual General Meeting (AGM)	√		
1.2 (iv)	Can not remain vacant for more than 90 (ninety) days	√		
1.2 (v)	The Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded	√		
1.2 (vi)	The tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only	√		

nnual Repo 016-2017	ort		FAR CHEMICAL	INDUSTRIES LTD
1.3 (i)	Qualification of Independent Director (ID): Shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business	√		
1.3 (ii)	Should be a Business Leader/Corporate Leader / Bureaucrat / University Teacher with Economics or Business Studies or Law background/Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. The independent director must have at least 12 (twelve) years of Corporate management/professional experiences.	✓		
1.3 (iii)	In special cases the above qualifications may be relaxed subject to prior approval of the Commission.	√		
1.4 1.5 (i)	Chairman of the Board and Chief Executive Officer: The positions of the Chairman of the Board and the Chief Executive Officer of the companies shall be filled by different individuals The Directors' Report to Shareholders: Industry	√ √		
	outlook and possible future developments in the industry	•		
1.5 (ii)	Segment-wise or product-wise performance.	√		
1.5 (iii)	Risks and concerns.	√		
1.5 (iv)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	√		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss.	√		No such issue
1.5 (vi)	Basis for related party transactions- a statement of all related party transactions should be disclosed in the annual report.	√		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others instruments.	√		
1.5 (viii)	An explanation if the financial results deteriorate after the company goes for Initial Public Offering (IPO), Repeat Public Offering (RPO), Rights Offer, Direct Listing, etc.	√		
1.5 (ix)	If significant variance occurs between Quarterly Financial performance and Annual Financial Statements the management shall explain about the variance on their Annual Report.	√		No such matter to explain
1.5 (x)	Remuneration to directors including independent directors.	√		
1.5 (xi)	The financial statements prepared by the management of the issuer company present	√		

Annual Repo 2016-2017	ort		FAR CHEMICAL INDUSTRIES
1.5 (xii)	Proper books of account of the issuer company have been maintained.	√	
1.5 (xiii)	Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.	√	
1.5 (xiv)	International Accounting Standards (IAS) / Bangladesh Accounting Standards (BAS) / International Financial Reporting Standards (IFRS) /Bangladesh Financial Reporting Standards (BFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure therefrom has been adequately disclosed.	√	
1.5 (xv)	The system of internal control is sound in design and has been effectively implemented and monitored.	√	
1.5 (xvi)	There are no significant doubts upon the issuer company's ability to continue as a going concern. If the issuer company is not considered to be a going concern, the fact along with reasons thereof should be disclosed.	√	
1.5 (xvii)	Significant deviations from the last year's operating results of the issuer company shall be highlighted and the reasons thereof should be explained.	√	No suc matter explai
1.5 (xviii) 1.5 (xix)	Key operating and financial data of at least preceding 5 (five) years shall be summarized. If the issuer company has not declared dividend	√	No suc
,	(cash or stock) for the year, the reasons thereof shall be given.	√	matter explai
1.5 (xx)	The number of Board meetings held during the year and attendance by each director shall be disclosed.	√	
1.5 (xxi) a)	The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by: Parent/Subsidiary/Associated Companies and other related parties (name wise details);	√	
1.5 (xxi) b)	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	√	
1.5 (xxi) c)	Shareholding pattern of Executives;	√	No such matter explain
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	√	
• (xxii) a)	In case of the appointment/re-appointment of a director of the company shall disclose the following information to the shareholders:	√	

Annual Repo 2016-2017	ort		FAR CHEMICAL	INDUSTRIES LTD
1.5 (xxii) b)	Nature of his/her expertise in specific functional areas;	√		
1.5 (xxii) c)	Names of companies in which the person also holds the directorship and the membership of committees of the board.	V		
2.1	CHIEF FINANCIAL OFFICER (CFO), HEAD OF INTERNAL AUDIT AND COMPANY SECRETARY: Appointment	√		
2.2	Requirement to attend the Board Meetings	√		
3 (i)	AUDIT COMMITTEE: The company shall have an Audit Committee as a sub-committee of the Board of Directors.	√		
3 (ii)	The Audit Committee shall assist the Board of Directors in ensuring that the financial statements reflect true and fair view of the state of affairs of the company and in ensuring a good monitoring system within the business.	√		
3 (iii)	The Audit Committee shall be responsible to the Board of Directors. The duties of the Audit Committee shall be clearly set forth in writing.	√		
3.1 (i)	Constitution of the Audit Committee: The Audit Committee shall be composed of at least 3 (three) members.	√		
3.1 (ii)	The Board of Directors shall appoint members of the Audit Committee who shall be directors of the company and shall include at least 1 (one) independent director.	√		
3.1 (iii)	All members of the audit committee should be "financially literate" and at least 1 (one) member shall have accounting or related financial management experience.	√		
3.1 (iv)	The Board of Directors shall appoint the new Committee member(s) to fill up the vacancy(ies) immediately or not later than 1 (one) month from the date of vacancy(ies) in the Committee to ensure continuity of the performance of work of the Audit Committee.	√		No such issue
3.1 (v)	The company secretary shall act as the secretary of the Committee.	√		
3.1 (vi)	The quorum of the Audit Committee meeting shall not constitute without at least 1 (one) independent director.	√		
3.2 (i)	Chairman of the Audit Committee: The Board of Directors shall select 1 (one) member of the Audit Committee to be Chairman of the Audit Committee, who shall be an independent director.	√		
3.2 (ii)	Chairman of the audit committee shall remain present in the Annual General Meeting (AGM).	√		

Annual Rep 2016-2017	ort		FAR CHEMICAL INDUSTRIES LTD
3.3 (i)	Role of Audit Committee:	√	
3.3 (ii)	Oversee the financial reporting process. Monitor choice of accounting policies and	√	
3.3 (iii)	principles. Monitor Internal Control Risk management process.	√	
3.3 (iv)	Oversee hiring and performance of external auditors.	√	
3.3 (v)	Review along with the management, the annual financial statements before submission to the board for approval.	√	
3.3 (vi)	Review along with the management, the quarterly and half yearly financial statements before submission to the board for approval.	√	
3.3 (vii)	Review the adequacy of internal audit function.	√	
3.3 (viii)	Review statement of significant related party transactions submitted by the management.	√	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors.	√	
3.3 (x)	When money is raised through Initial Public Offering (IPO)/Repeat Public Offering (RPO)/Rights Issue the company shall disclose to the Audit Committee about the uses/applications of funds by major category (capital expenditure, sales and marketing expenses, working capital, etc), on a quarterly basis, as a part of their quarterly declaration of financial results	√	
3.4.1 (i)	Reporting of the Audit Committee: Reporting to the Board of Directors The Audit Committee shall report on its activities to the Board of Directors.	√	
3.4.1 (ii) a)	Report on conflicts of interests;	√	
3.4.1 (ii) b)	Suspected or presumed fraud or irregularity or material defect in the internal control system;	\checkmark	No such issue
3.4.1 (ii) c)	Suspected infringement of laws, including securities related laws, rules and regulations;	√	No such issue
3.4.1 (ii) d)	Any other matter which shall be disclosed to the Board of Directors immediately.	√	No such issue
3.4.2	Reporting to the Authorities		
3.5	Reporting to the Shareholders and General Investors	√	
4 (i)	external/statutory auditors to perform the following services of the company; namely: Appraisal or valuation services or fairness opinions.	√	

nnual Rep 016-2017	ort	FAR CH	EMICAL INDUSTRIES LTI
4 (ii)	Financial information systems design and implementation.	√	
4 (iii)	Book-keeping or other services related to the accounting records or financial statements.	√	
4 (iv)	Broker-dealer services.	√	
4 (v)	Actuarial services.	√	
4 (vi)	Internal audit services.	√	
4 (vii)	Any other service that the Audit Committee determines.	√	
4 (viii)	No partner or employees of the external audit firms shall possess any share of the company they audit at least during the tenure of their audit assignment of that company.	√	
5 (i)	SUBSIDIARY COMPANY: Provisions relating to the composition of the Board of Directors of the holding company shall be made applicable to the composition of the Board of Directors of the subsidiary company.		Not Applicable
5 (ii)	At least 1 (one) independent director on the Board of Directors of the holding Company shall be a director on the Board of Directors of the subsidiary company.		Not Applicable
5 (iii)	The minutes of the Board meeting of the subsidiary company shall be placed for Review at the following Board meeting of the holding company.		Not Applicable
5 (iv)	The minutes of the respective Board meeting of the holding company shall state that they have reviewed the affairs of the subsidiary company also.		Not Applicable
5 (v)	The Audit Committee of the holding company shall also review the financial Statements, in particular the investments made by the subsidiary company.		Not Applicable
6 (i) a)	DUTIES OF CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO): They have reviewed financial statements for the year and that to the best of their knowledge and belief: these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	✓	
6 (i) b)	These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws.	√	
6 (ii)	There are, to the best of knowledge and belief, no transactions entered into by the company	√	

INDEPENDENT AUDITOR'S REPORT To the Shareholders of FAR Chemical Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of FAR Chemical Industries Limited which comprises the Statement of Financial Position as at 30 June 2017 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA).Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial Statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of, the financial position of **FAR Chemical Indus- tries Limited** as at 30 June 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial reporting Standards (BFRSs).

Report on the Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and Bangladesh Securities and Exchange Rules 1987, we also report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the Statement of Financial Position, Statement of Profit or Loss other comprehensive Income, Statement of changes in equity and Statement of Cash flows dealt with the report are on agreement with the books of account; and
- d) the expenditure incurred was for the purpose of the company's business.

Date: October 26, 2017

Place: Dhaka

Shiraz Khan Basak & Co. Chartered Accountants

FAR Chemical Industries Limited Statement of Financial Position As at June 30, 2017

	N T. (Amount in Taka	
	Notes	30-06-2017	30-06-2016
Assets		,	•
Non-current assets		1,431,042,371	1,194,049,997
Property, plant & equipment	4.00	1,429,493,900	1,192,501,526
Security deposit	5.00	1,548,471	1,548,471
Current assets		1,115,599,812	1,125,987,198
Inventories	6.00	417,694,944	397,370,281
Trade receivables	7.00	640,160,123	599,010,464
Advances, deposits and prepayments	8.00	34,052,246	51,263,934
STD Account (IPO)	9.00	2,950,000	2,980,000
STD Account (Dividend)	10.00	822,665	-
Cash and Cash Equivalents	11.00	19,919,834	75,362,519
Total Assets		2,546,642,183	2,320,037,195
Shareholder Equity and Liabilities			
Shareholders' equity		2,497,612,528	2,273,280,690
Share Capital	12.00	1,638,568,160	1,365,473,470
Retained Earnings	13.00	859,044,368	907,807,220
Current Liabilities		49,029,655	46,756,505
Trade payables	14.00	36,561,263	34,150,610
Short term borrowings	15.00	1,999,623	2,125,487
Share Money Deposits (IPO)	16.00	2,950,000	2,980,000
Dividend Payables	17.00	822,665	-
Creditors and Accruals	18.00	6,696,104	7,500,408
Total Shareholder Equity and Liabilities		2,546,642,183	2,320,037,195
Net Assets Value (NAV) Per Share	27.00	15.24	16.65

The annexed notes form an integral part of these financial statements.

Chairman

OTTO 9

Managing Director

Company Secretary

Chief Financial Officer

As per our annexed report of even date

Dated: October 26, 2017

Place: Dhaka

Shiraz Khan Basak & Co.
Chartered Accountants

An associate firm of D.N Gupta & Associates

FAR Chemical Industries Limited Statement of Profit or Loss and Other Comprehensive Income For the year ended June 30, 2017

	Natas	Amount in Taka		
	Notes	30-06-2017	30-06-2016	
Revenue	19.00	1,436,569,686	1,492,738,046	
Less: Cost of sales	20.00	1,122,823,282	1,130,040,949	
Gross profit	_	313,746,404	362,697,097	
Less: Operating expenses				
Selling and distribution expenses	21.00	9,775,646	8,448,149	
Administrative expenses	22.00	10,466,531	9,337,407	
Employee Welfare expenses	23.00	701,254	689,091	
	_	20,943,431	18,474,647	
Profit from operation	_	292,802,973	344,222,450	
Less: Financial expenses	24.00	581,655	465,214	
	_	292,221,318	343,757,236	
Add: Other income	25.00	384,194	753,865	
Profit before tax	_	292,605,512	344,511,101	
Less: Income tax expenses		-	-	
Profit after tax	=	292,605,512	344,511,101	
Basic Earnings Per Share (EPS)	26.00	1.79	2.52	
Basic Earnings Per Share (Adjusted)	26.00	1.79	2.10	

The annexed notes form an integral part of these financial statements.

Chairman

Managing Director

Company Secretary

Chief Financial Officer

As per our annexed report of even date

Dated: October 26, 2017

Place: Dhaka

Shiraz Khan Basak & Co.

Chartered Accountants

FAR Chemical Industries Limited Statement of Changes in Equity For the year ended June 30, 2017

Particulars	Share capital	Retained Earnings	Total
	Taka	Taka	Taka
Balance at July 01,2016	1,365,473,470	907,807,220	2,273,280,690
Bonus Issue	273,094,690	(273,094,690)	-
Cash Dividend		(68,273,674)	(68,273,674)
Profit during the year	-	292,605,512	292,605,512
Balance at 30 June 2017	1,638,568,160	859,044,368	2,497,612,529

FAR Chemical Industries Limited Statement of Changes in Equity For the year ended June 30, 2016

Particulars	Share capital	Retained earnings	Total
	Taka	Taka	Taka
Balance at July 01,2015	1,092,378,780	836,390,809	1,928,769,589
Bonus Issue	273,094,690	(273,094,690)	-
Profit during the year	-	344,511,101	344,511,101
Balance at 30 June 2016	1,365,473,470	907,807,220	2,273,280,690

Chairman

Managing Director

Company Secretary

Chief Financial Officer

As per our annexed report of even date

Dated: October 26, 2017

Place: Dhaka

Shiraz Khan Basak & Co.

Chartered Accountants

An associate firm of D.N Gupta & Associates

FAR Chemical Industries Limited Statement of Cash Flows For the year ended June 30, 2017

Γ,	T 4	Amount in Taka		
l I	Notes	30-06-2017	30-06-2016	
A. Cash flows from operating activities:		_		
Receipt from customers		1,395,420,027	1,538,019,654	
Receipt from other income		384,194	753,865	
Payment for cost of expenses		(1,052,423,400)	(1,078,428,285)	
Payment for operating expenses		(20,884,145)	(16,294,141)	
Payment of financial expenses on short term loan		(581,655)	(465,214)	
Net cash from operating activities	_	321,915,021	443,585,879	
B. Cash flows from investing activities:				
Acquisition of property, plant and equipment		(308,958,168)	(405,767,901)	
Net cash used in investing activities	_	(308,958,168)	(405,767,901)	
C. Cash flows from financing activities:				
Receipt/(Payment) against short term loan		(125,864)	(2,396,389)	
Dividend paid		(68,273,674)		
Net Cash used in financing activities	_	(68,399,538)	(2,396,389)	
D. Net increase in cash and cash equivalents (A+B+	-C) –	(55,442,685)	35,421,589	
E. Opening cash and cash equivalents	,	75,362,519	39,940,930	
F. Closing cash and cash equivalents (D+E)	_	19,919,834	75,362,519	
Net Operating Cash Flow Per Share (NOCFPS) 2		1.96	3.25	

The annexed notes form an integral part of these financial statements.

Chairman

Managing Director

Company Secretary

Chief Financial Officer

Dated: October 26, 2017

WITTOUT S. Heigh

Place: Dhaka

Shiraz Khan Basak & Co. Chartered Accountants

An associate firm of D.N Gupta & Associates

FAR Chemical Industries Limited Notes to the Financial Statements For the period ended June 30, 2017

1.00 Reporting Entity

1.01 Background of the Company

FAR Chemical Industries Limited (the Company') was incorporated in Bangladesh on 22 March 2007 as a Private Limited Company under the Companies Act 1994 with its Corporate office at House No: 11 (Floor: 5-A), Road No: 12, Niketon, Gulshan-1, Dhaka-1212 and Registered office & factory is situated at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh. Subsequently the company has been converted to Public Limited Company under the Companies Act 1994 on 19 June 2012 and issue of Public offer of 12,000,000 ordinary shares of Tk. 10.00 each at par totaling to Tk.120,000,000 as Bangladesh Securities and Exchange Commission (BSEC) ref no. BSEC/CI/IPO-220/2013/98 dated February 05, 2014.

1.02 Nature of Business

The principal activities of the Company are to manufacture and export of Chemical products to different export oriented Textiles, dyeing and Apparels industries. Some of the Principal products and services are:

- Softening Agent
- Scouring Agent;
- Anti-Foaming Agent;
- Leveling Agent;
- Fixing Agent;
- Stabilizer;
- Retarding Agent;
- Bleaching Agent and
- Other chemical products.

2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

The financial statements have been prepared in accordance with Bangladesh Accounting Standards (BASs), Bangladesh Financial Reporting Standards (BFRSs), International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations in Bangladesh.

2.02 Regulatory Compliances

As required FAR Chemical Industries Limited comply with the following major legal provisions in addition to the Companies Act 1994 and other applicable laws and regulations:

The Income Tax Ordinance 1984;

The Income Tax Rules 1984;

The Value Added Tax Act 1991; and

The Value Added Tax Rules 1991.

2.03 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.04 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi Taka (Taka/Tk), which is the Company's functional currency. All financial information presented in Taka have been rounded off to the nearest Taka.

2.05 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of FAR Chemical Industries Ltd is responsible for the preparation and presentation of financial statements.

2.06 Use of Estimates and Judgments

The preparation of these financial statements in conformity with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) requires management to make judgments, 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 recognized in the period in which the estimates are revised and in any future periods affected thereby.

In particular, information about significant areas of estimation on uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the financial statements are included in the following notes:

Note: 4 Property, Plant and Equipment

Note: 6 Inventories

Note: 7 Trade Receivables

Note: 8 Advance, Deposit and Pre-payment

Note: 13 Trade Payable

2.07 Reporting Period

The financial period of the companies covers one year from 1 July 2016 to 30 June 2017 and is followed consistently.

2.08 Cash Flow Statement

Statement of cash flows is prepared in accordance with "BAS 7: Cash Flow Statement" and the cash flow from operating activities have been presented under Direct Method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are Encouraged to Report Cash Flow from Operating Activities using the Direct Method".

2.09 Compliance with the Requirements of Notification of the Securities and Exchange Commission dated 04.06.2008 under ref. # SEC/CMMRPC/2008-181/53/Adm/03/28

- a) Notes to the financial statements marked from 3.00 to 3.17 setting out the policies are unambiguous with respect to the reporting framework on which the accounting policies are based.
- b) The accounting policies on all material areas have been stated clearly in the notes marked from 3.00 to 3.17.
- c) The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements:

Sl. No.	Name of the BAS	BAS's
		no.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Cash Flow Statements	7
4	Accounting policies, Changes in accounting Estimates & Errors	8
5	Events after the Reporting Period	10
6	Income Taxes	12
7	Property, Plant and Equipment	16
8	Leases	17
9	Revenue	18
10	Employees Benefits	19
11	The Effects of Changes in Foreign Exchange Rates	21
12	Borrowing Costs	23
13	Related Party Disclosures	24
14	Accounting and Reporting by Retirement Benefit Plans	26
15	Investment in Associates	28
16	Interest in Joint Ventures	31
17	Financial Instruments: Presentation	32
18	Earnings Per Share	33
19	Impairment of Assets	36
20	Provision, Contingent Liabilities and Contingent Assets	37
21	Intangible Assets	38
22	Financial Instruments: Recognition & Measurement	39
23	Investment Property	40

SL.	Name of the BFRS/IFRS	BFRS/
No.		IFRS No
1	First-time Adoption of Bangladesh Financial Reporting Standards	1
2	Share based payment	2
3	Business Combinations	3
4	Insurance Contracts	4
5	Non-Current Assets held for sale and discontinued operations	5
6	Exploration for and evaluation of mineral resources	6
7	Financial Instruments: Disclosures	7
8	Operating Segments	8
9	Financial Instruments	9
10	Consolidate Finance Statements	10
11	Joint Arrangements	11
12	Disclosure of Interests in Other Entities	12
13	Fair Value Measurement	13

d) The financial statements are in compliance with the Bangladesh Financial Reporting Standards (BFRS) which are adopted from the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3.00 Significant Accounting Policies

3.01 Property, Plant & Equipment

3.1.1 Recognition and Measurement

Tangible fixed assets are accounted for according to "BAS 16: Property, plant and equipment", Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any attributable

An associate firm of D.N Gupta & Associates

cost of bringing the assets to its working condition for its intended Expenditure incurred after the assets have been put into use, such as repairs maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted increase in the future economic benefit expected to be obtained from the asset expenditure is capitalized as an additional cost of the assets.

3.1.2 Depreciation

Depreciation is provided on Reducing Balance Method except Leasehold Land Development (Comilla EPZ) on the value at which the assets carried in the books of Accounts. Depreciation is charged at the rates varying from 2.50% to 20% depending on the estimated useful life of assets. Depreciation is provided on Leasehold Land development on straight-line method the lease term of 30 years. Depreciation has been charged on additions during the period of available for utilization of Property, Plant & machinery.

Rates of depreciation of assets considering their useful lives are as follows:

Category	Rate
Leasehold Land Development	3.33%
Factory Buildings	2.50%
Plant and Machinery	10%
Electrical Installation	10%
Compressor	10%
Forklift	10%
Water line Installation	10%
Office Equipment	10%
Furniture & Fixture	20%

3.02 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB as BAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- i. Statement of financial position as at 30 June, 2017
- ii. Statement of comprehensive income for the financial year 30 June, 2017
- iii. Cash Flows Statements for the financial year 30 June, 2017
- iv. Statement of changes in equity for the financial year 30 June, 2017
- v. Accounting policies and explanatory notes for the financial year 30 June, 2017

3.03 Inventories

Inventories are measured at lower of cost and ex-factory net realizable value in compliance with "BAS 2: Inventories". The cost of inventories is based on weighted average principle and includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of business less estimated cost of completion. When the inventories are used, the carrying amounts of those inventories are recognized as expense in the year in which the related revenue is recognized.

3.04 Revenue

Revenue represents the ex-factory invoice value of goods supplied to customers during the period. Revenue from sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer in compliance with BAS 18: Revenue. Sales are recognized when delivery certificate is raised against confirmed orders.

3.05 Foreign Currency Transaction/Translation

Foreign currency transactions are translated into Bangladeshi Taka at the exchange rates ruling at the transaction dates according to BAS 21: The effect of changes in Foreign Exchange Rates".

Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing rates on the balance sheet (financial position) date. Non monetary assets and liabilities denominated in foreign currencies, which are related at historical cost, are translated into Bangladesh Taka at the exchange date ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to Statement of Comprehensive Income for the respective period.

3.06 Financial Expenses

Financial costs comprise of interest expense on short term loan. The costs are charged to revenue except those are capitalized in accordance with BAS 23: Borrowing Costs.

3.07 Financial Instruments

Non-derivative financial instruments comprise trade receivables, trade payables, cash and cash equivalents and share capital.

Trade Receivables

Trade receivables are recognized initially at invoice value and subsequently measured at the remaining amount less allowance for doubtful receivable at the year end, if any. Receivables from foreign currency transactions are recognized in Bangladeshi Taka using exchange rates prevailing on the date of transaction.

Trade Payables

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and with banks on current and deposit accounts and short term investments which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

Share Capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

3.08 Taxation

3.8.1 Current Tax

No provision is made for income tax since the Company is situated in Export Processing Zone, Comilla and as per Income Tax Ordinance 1984 vide IRD SRO No. 289-Law/89, dated 19 August 1989, all industries operated in the Bangladesh Export Processing Zone (BEPZ) have been exempted from payment of income tax for a period of 10 years from the date of commercial operation.

3.8.2 Deferred Tax

Deferred tax arises due to temporary difference deductible or taxable for the transaction which is recognized in the income statement. A temporary difference between the tax base of an asset or liability and its carrying amount/or amount in the Statement of Financial Position. Deferred tax assets or liability is the year income tax recoverable or payable in future periods recognized in the current period "BAS 12: Income Tax.

Since the income of the company is exempted from tax. So the calculation of deferred not required for the company.

3.09 Provisions

As per "BAS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision recognized on the date of statement of financial position if, as a result of past event Company has

a present obligation that can be estimated reliably, and it is probable outflow of economic benefits will be required to settle the obligation.

3.10 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded it is probable that a liability has been incurred and the amount can be measured reliably accordance with "BAS 37: Provisions, Contingent Liabilities and Contingent Assets".

3.11 Earnings per Share (EPS)

This has been calculated in compliance with the requirements of "BAS 33: Earnings Per Share" by dividing the basic earnings by the weighted average number of ordinary Shares outstanding during the year.

Basic Earnings

This represents earnings for the period attributable to the ordinary shareholders. As there are no preference dividend, minority interest or extra ordinary items, the net profit for the year has been considered as fully attributable to ordinary shareholders. Basic earnings per has been calculated by dividing the net profit or loss by the number of weighted average ordinary share outstanding during the year.

Diluted Earnings Per Share (DEPS)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there were no potential ordinary shares during the relevant period.

3.12 Segment Reporting

No segmental reporting is applicable for the company as required by "BAS 14: Segment Reporting" as the company operates in a single industry segment and within as geographical segment.

3.13 Event after Statement of Financial Position Date

In compliance with the requirements of "BAS-10: Event after the reporting period" that provide additional information about the company's position at the date of the financial position are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes when materials.

There was no significant event that has been occurred between the statement of financial position date and date on which the financial statements are authorized for issue.

3.14 Employee Benefits

3.14.1 Worker's Profit Participation

Accordance with the requirement of section 234 of Labor Act, 2006, the company should contribute 5% of net profit before charging the amount to the aforementioned fund. But the company established in Comilla Export Processing Zone and have to comply only BEPZA rules relating to services matter concerning workers and officers employed in the company operating in the Export Processing Zone Bangladesh, which imposed by BEPZA. So there is no provision for Worker's Profit Participation Fund in company's profits as per BEPZA rules.

3.14.2 Provident Fund

The Company has established and maintaining Contributory Provident Fund in compliance to the requirement of "The EPZ employees (Contributory) Provident Fund Policy -2012". The fund is administrated by the 6 members Board of Trustees of which 3 members are nominated from employer's side and remaining 3 members fulfilled from the representative from Workers Welfare Association. All members of trustee shall hold their position for three years. The



member of the trustee board within the limit of the policy shall together hold absolute measure to take any decision for implementation of the provident fund.

3.14.3 Workers Welfare Fund

The company has been paying against "Workers Welfare Fund" to BEPZA since 1st February 2013 in compliance to the requirement of BEPZA rules. The management of the fund is maintained by BEPZA according to the rules & guidelines imposed under the style of 'Constitution and Operation Procedure of EPZ Worker's Welfare Fund 2012'.

3.15 Financial Risk Management Policies

The company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The company does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the interest rate exposure arises from short and long term borrowings from banks. The company has no significant risk of fluctuations in interest rates.

Foreign Currency Risk

The company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases, denominated in foreign currencies, for the subsequent period.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the group's customer base, Management does not anticipate material losses from its debt collection.

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the company's performance to developments affecting a particular industry. The breakup amount due from customers other than related parties as disclosed in note 7.00 to these financial statements is presented below:

Due from customer other than related parties:

Gross trade and other receivable Tk.640,160,123.00 Less: Related Parties Tk. 3,745,182.00 Tk. 636,414,941.00



Out of the total trade debts of Tk. 640,160,123 the company has not made any provision. The aging profile to the trade debts overdue is as follows:

Time duration	Gross Amount	Impairment
Upto 6 months	640,160,123.00	-
Over 6 months	-	-
Total	640,160,123.00	-

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and bank balances and availability of funding through an adequate amount of committed credit facilities. The company aims to maintain flexibility in funding by keeping committed credit lines open. The maturity profile of the company's liabilities based on contractual maturities is as follows:

Financial	Carrying	On Demand	Contractual	Upto One	More than
Liability	Amount		Cash flows	year	one year
Trade payable	36,561,263	-	36,561,263	36,561,263	ı
Short term borrowing	1,999,623	-	1,999,623	1,999,623	-
	38,560,886	-	38,560,886	38,560,886	-

Fair Values

The fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, difference may arise between the carrying value and the fair value estimates. As at June 2017 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

3.16 Date of Authorization

These financial statements were authorized for issue on 26 October, 2017 by the board of the Directors of the company.

3.17 General

- i) Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.
- ii) Figures for the years 2016 have been rearranged wherever considered necessary to ensure comparability with the current year.

			Amount	in Take
			30-06-2017	30-06-2016
4.00	Property, plant & equipment		30 00 2017	30 00 2010
	At cost			
	Opening balance		1,607,769,253	1,202,001,352
	Addition during the year		308,958,168	405,767,901
			1,916,727,421	1,607,769,253
	Accumulated depreciation			
	Opening balance		415,267,727	342,471,569
	Charged during the year		71,965,794	72,796,158
			487,233,521	415,267,727
	Written down value as on June 30		1,429,493,900	1,192,501,526
	The details of the above is given in An	nexure-A		
	Note: Addition of Land & Land devel			
	Deed Value of Land(128.77 decimal of	of land purchased)	20,451,000	17,568,000
	Registration & Other cost		2,658,630	2,324,990
	Land development cost		265,432,246 288,541,876	219,622,258 239,515,248
			200,541,0/0	239,515,248
5.00	Description of Land: Registered Dee 847, 1254/17, 3183/17 and 4299/17. Security deposit	_	s are 5275, 7941, 87	714, 9678, 11847,
2.00	Land lease at BEPZA, Plot: 135-136		1,152,985	1,152,985
	Deposit for electricity		395,486	395,486
	z eposia ier eiee aiea,		1,548,471	1,548,471
6.00	Inventories			<u> </u>
		Notes		
	Raw materials	6.01	285,248,167	266,854,126
	Work-in-process	6.02	10,571,652	10,875,193
	Packaging materials	6.03	6,152,413	6,021,548
	Finished goods	6.04	111,210,678	109,254,125
	Store items	6.05	4,512,034	4,365,289
			417,694,944	397,370,281
6.01	Raw materials			
	Opening stock		266,854,126	251,524,187
	Add: Purchase during the year Raw materials available for production	_	1,006,541,631 1,273,395,757	1,016,117,904 1,267,642,091
	Less: Input to production	1	988,147,590	1,000,787,965
	Less. Input to production		285,248,167	266,854,126
6.02	Work-in-process			
0.02	Opening work-in-process		10,875,193	10,635,218
	Add: Current year		1,035,657,930	1,050,848,496
			1,046,533,123	1,061,483,714
	Less: Transfer to finished goods		1,035,961,471	1,050,608,521
			10,571,652	10,875,193
6.03	Packaging materials			
	Opening stock		6,021,548	8,121,056
	Add: Purchase during the year		47,641,205	47,961,023
			53,662,753	56,082,079
	Less: Consumption during the year		47,510,340	50,060,531
c 0.4			6,152,413	6,021,548
6.04	Finished goods		100 254 125	00.754.130
	Opening stock		109,254,125	98,754,128
	Add: Production during the year		1,125,310,863	1,140,952,902
	Less: Cost of free issue		(531,028)	(411,956)
	Production available for export		1,234,033,960	1,239,295,074
	Less: Cost of goods sold		1,122,823,282	1,130,040,949 109,254,125
			111,210,678	107,434,143



Annual Report FAR CHEMICAL INDUS 2016-2017		AL INDUSTRIES LTD.	
6.05	Store items		
	Opening stock	4,365,289	5,365,289
	Add: Purchase during the year	23,045,102	26,412,051
	rad. I dienase during the year	27,410,391	31,777,340
	Less: Consumption during the year	22,898,357	27,412,051
	Less. Consumption during the year	4,512,034	4,365,289
7 00	m 1		
7.00	Trade receivables	700 010 464	644.000.000
	Opening balance	599,010,464	644,292,072
	Add: Export during the year	1,436,569,686	1,492,738,046
	Less: Realization during the year	1,395,420,027	1,538,019,654
		<u>640,160,123</u>	599,010,464
7.01	Export bills receivables		
	M.L Dyeing limited	3,745,182	33,542,108
	Asif Fabrics Ltd	21,054,278	31,054,218
	Shovon Dyeing Ltd	19,656,454	20,635,210
	D.S Fashion Ltd	31,942,341	15,428,763
	Javed Apparels Ltd	32,272,054	35,210,421
	Knit zone Ltd	14,554,154	28,541,270
	Liz Fashion Ind. Ltd	29,012,519	15,428,796
	Radial International Ltd Advance Tex Ltd	21,840,161	20,845,721
	Rita Fabrics Ltd	28,155,641 28,754,186	22,742,792 12,148,796
	Glare Knitting Ltd	16,532,607	6,352,105
	Sea Blue Textile Ltd	22,102,395	30,015,478
	Paragon Composite Ltd	21,859,513	33,210,457
	Trust Knitwear Ltd	19,585,427	12,156,863
	Knit Fabrics Ltd	21,053,624	35,541,240
	Interstoff apparels Ltd	25,214,876	11,254,879
	Southeast Fabrics Ltd	24,216,505	4,521,698
	Matrix Textiles Ltd	20,231,867	8,542,187
	S.M Knitwears Ltd	27,564,519	22,154,786
	Stress Dress Ltd	22,054,173	23,201,535
	Eon Knit Apparels Ltd	21,189,628	31,450,255
	Dird Composite Tex. Ltd.	15,457,088	36,040,708
	Sabah Knitting Ltd	25,215,418	25,841,248
	Sardar Textiles Ltd	28,745,835	21,054,835
	Base Knitting Ltd	29,865,246	21,023,569
	Trams Apparels Ltd	25,102,118	10,192,587
	Abdul Hai Knit Wears	22,145,786	7,356,897
	Life Knitting Ltd	21,036,528	23,521,042
	Life Kinding Life	640,160,123	599,010,464
	Receivables due over six months	-	-
	Receivables due below six months	640,160,123	599,010,464
		640,160,123	599,010,464

This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

	Particulars	30-06-2017	30-06-2016
	i. Receivables considered good in respect of which the company is fully secured	640,160,123	599,010,464
	ii. Receivables considered good in respect of which the		
	company holds no security other than the debtor personal security	-	-
	iii. Receivables considered doubtful or bad	_	-
	iv. Receivables due by directors or other officers & staffs	-	-
	v. Receivables due from companies under same management	3,745,182	33,542,108
	vi. The maximum amount of receivable due by any director or other officer of the company	-	-
0.00			
8.00	Advances, deposits and prepayments Sundry Advances 8.01	32,395,819	49,112,221
	Advance Salary	1,641,000	1,451,000
	M/S. Abul Khair Steel	, , , , <u>, , , , , , , , , , , , , , , </u>	142,102
	Advance Income Tax (AIT)	-	33,741
	M/S. Sattar Enterprise	15,427	524,870
	=	34,052,246	51,263,934
8.01	Sundry Advances		
	Mr. MA Bari	5,121,547	8,542,187
	Mr. Uttam Kumar	65,150	6,487,607
	M/S. Gazi Enterprise	487,549	5,217,921
	M/S. Omer Electrical Engineering Works	412,506	365,210
	Md. Abul Khair Manik M/S. United Trade Center Ltd.	13,329,587	19,641,258 985,421
	M/S. Bangla Trac Ltd.	3,652,006	752,169
	M/S. L/N Enterprise	854,968	345,287
	M/S. Creative Design and Development	2,415,076	2,352,198
	M/S. Tropical Vertical Mover	3,952,003	2,057,665
	M/S. Denmark Refrigeration Workes	2,105,427 32,395,819	2,365,298 49,112,221
	=	32,393,019	49,112,221
8.02	Movement of Advances, deposits and prepayments		
	Opening Balance	51,263,934	51,710,861
	Add: Addition during the year	39,870,546	60,677,620
	Less: Adjustment during the year	57,082,234	61,124,547
	-	34,052,246	51,263,934
9.00	STD Account		
	STD Accounts (BRAC Bank)	2,950,000	2,980,000
	<u>-</u>	2,950,000	2,980,000
10.00	STD Account - Dividend		
	STD Accounts (SBAC)	822,665	
	(Undistributed amount of cash dividend)	822,665	
11.00	Cash and Cash equivalent		
	Cash in hand - Head Office	1,145,174	4,521,048
	Cash in hand - Factory	2,021,048	3,542,105
	Cash at bank:	10 001 400	1 102 171
	Al-Arafah Islami Bank Ltd	12,221,439	1,183,161
	Social Islami Bank Limited	1,402,843	33,968,561
	Social Islami Bank Limited	3,108,276	32,131,978
	Bank Asia Limited	21,054 19,919,834	15,666 75,362,519
	-	17,717,034	/5,302,519



12.00 Share Capital:

12.01 Authorized share capital:

300,000,000 ordinary shares of Taka 10/= each. **3,000,000,000 3,000,000,000**

12.02 Issued, subscribed and paid-up capital:

163,856,816 Ordinary Shares of Tk. 10/- each fully paid-up. 1,638,568,16

1,638,568,160 1,365,473,470

The shareholding position of the company are as under:

Name	No of shares	Percentages (%)	Amount in Taka
Sponsors & Directors	49,554,938	30.24%	495,549,380
Local Institutions	44,575,949	27.20%	445,759,490
General Shareholder	69,725,929	42.55%	697,259,290
Total	163,856,816	100.00%	1,638,568,160

The company has issued 20% stock dividend of the year 2015-2016.

12.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2017.

Ranges of Shareholdings	30-06-2017		30-06-2016	
	No. of Holder	% of holding	No. of Holder	% of holding
Less than or equel to 500 Shares	3,292	0.52%	3,042	0.55%
501 to 1,000 Shares	2,727	1.45%	1,948	1.16%
1,001 to 5,000 Shares	5,269	8.85%	2,817	5.25%
5,001 to 10,000 Shares	1,644	7.80%	736	4.02%
10,001 to 20,000 Shares	934	8.52%	410	4.31%
20,001 to 30,000 Shares	331	5.15%	141	2.60%
30,001 to 40,000 Shares	156	3.39%	58	1.49%
40,001 to 50,000 Shares	119	3.40%	42	1.42%
50,001 to 100,000 Shares	171	7.77%	83	4.55%
100,001 to 1,000,000 Shares	87	11.94%	56	11.34%
Over 1,000,000 Shares	14	41.21%	19	63.31%
Total	14,744	100.00%	9,352	100.00%

13.00 Retained earnings

	859,044,368	907,807,220
Add: Profit during the year	292,605,512	344,511,101
	566,438,856	563,296,119
Less: Dividend	341,368,364_	273,094,690
Opening balance	907,807,220	836,390,809

14.00 Trade Payable

CJTECH Co Ltd	15,216,527	11,154,287
SFC Co Ltd	5,651,399	11,685,420
SBC Co Ltd	10,152,186	11,310,903
OCI Corporation	5,541,151	-
	36,561,263	34,150,610

14.01 Movement of Trade Payable

Opening Balance	34,150,610	31,937,074
Add: Import/Purchases during the year	1,077,227,938	1,064,078,927
Less: Payment made during the year	1,074,817,285	1,061,865,391
	36 561 263	34 150 610

15.00 Short term borrowings

Trust Receipt (Note-15.01) 1,999,623 2,125,487 1,999,623 2,125,487

- **15.01** The Al-Arafah Islami Bank Limited sanctioned a composite working capital limit for Tk 45.00 crore to make stock of raw materials, work-in-process and finished goods in the form of:
 - a) L/C limit for Tk 35.00 crore
 - b) Trust receipt (TR) for Tk 5.00 crore and
 - c) Bai-Muazzal Commercial for Tk 5.00 crore

Terms and Conditions:

- a) Rate of profit 11.50% per annum
- b) Validity upto 22.04.2018 and can be renewable yearly.

16.00 Share Money Deposits (IPO	16.00	Share	Money	Deposits	(IPO)
---------------------------------	-------	-------	-------	-----------------	-------

10.00	similar intoined proposes (in a)		
	Share Money Deposits	2,950,000	2,980,000
		2,950,000	2,980,000
17.00	Dividend paybles		
17.00	Dividend payable	822,665	
	(Undistributed amount of cash dividend)	822,665	
	(Orlaistribated amount of easif dividena)	622,003	
18.00	Creditors and accruals		
	Electricity bill	102,548	95,612
	Water bill	851,246	816,521
	Medical subscription-BEPZA	24,187	23,514
	Salaries and wages	2,154,218	2,045,879
	Director remuneration and fees	256,200	100,000
	Sundry creditors (Note-18.01)	745,708	644,997
	M/s Jubair Construction	120,517	452,157
	Audit and professional fees	250,000	250,000
	M/s Alhaj Supply & Transport	2,076,641	2,651,874
	M/s Khan Associates	114,839	419,854
		6,696,104	7,500,408
18.01	Sundry Creditors		
	M/s Power Puls Engineering	521,047	85,418
	M/s Zahid Enterprise	65,340	63,521
	M/s New China Thai Aluminium Ltd.	15,428	´ <u>-</u>
	M/s Rainbow Printers	98,674	353,901
	M/s Transformer & Electric Mfg Co Ltd.	45,219	142,157
		745,708	644,997
19.00	Revenue		
	Softening Agent	411,541,276	471,548,769
	Scouring Agent	163,223,959	160,521,548
	Anti-Foaming Agent	108,054,189	109,215,433
	Levelling Agent	129,105,215	138,451,260
	Fixing Agent	102,042,168	101,254,012
	Stabilizer	191,405,186	194,287,913
	Retarding Agent	185,142,168	180,685,428
	Bleaching Agent	56,210,357	50,352,105
	Others	89,845,168	86,421,578
		1,436,569,686	1,492,738,046
		2,120,202,000	2, 1, 2, 1, 20, 0, 10



2016-201 20.00	Report	FAR CHEMICAL INDUSTRIES LTD.		
20.00	1/			
	Cost of sales			
	Raw materials consumed-Chemicals (Note-20.01)	988,147,590	1,000,787,965	
	Packaging materials consumed (Note-20.02)	47,510,340	50,060,531	
	4 11 337 1 '	1,035,657,930	1,050,848,496	
	Add: Work in process- opening	10,875,193	10,635,218	
	Less: Work in process- closing	1,046,533,123	1,061,483,714	
	Total consumption	10,571,652 1,035,961,471	10,875,193 1,050,608,521	
	Add: Manufacturing overhead (Note-20.03)	89,349,392	90,344,381	
	Cost of production	1,125,310,863	1,140,952,902	
	Add: Finished goods - opening	109,254,125	98,754,128	
	Add. I mished goods - opening	1,234,564,988	1,239,707,030	
	Less: Finished goods - closing	111,210,678	109,254,125	
	Change of finished goods stock	1,123,354,310	1,130,452,905	
	Less: Cost of free issue	531,028	411,956	
	2655. Cost of fee block	1,122,823,282	1,130,040,949	
20.01	Raw materials consumed-chemicals			
	Opening Stock	266,854,126	251,524,187	
	Add: Purchase during the period	1,006,541,631	1,016,117,904	
	Raw materials available for production	1,273,395,757	1,267,642,091	
	Less: Closing Stock	285,248,167	266,854,126	
	Consumption during the period	988,147,590	1,000,787,965	
20.02	Packaging materials consumed			
	Opening Stock	6,021,548	8,121,056	
	Add: Purchase during the period	47,641,205	47,961,023	
	Consumable Item available for packing.	53,662,753	56,082,079	
	Less: Closing Stock	6,152,413	6,021,548	
	Consumption during the period	47,510,340	50,060,531	
20.03	Manufacturing overhead			
	Salaries and wages	22,541,876	21,185,421	
	Fuel, water and power	23,516,487	22,974,516	
	Printing and stationary	910,521	892,105	
	Conveyance expenses	1,024,688	902,451	
	Mobile bill	45,218	41,256	
	Store and spares consumed (Note-6.05)	22,898,357	27,412,051	
	Rent, rates and taxes	7,541,861	6,985,415	
	Medical expenses	945,826	841,256	
	Food and Tiffin	1,542,879	1,421,689	
	Labor charge	1,754,186	1,506,521	
	Repair and maintenance (Note-20.3.1)	3,945,218	3,692,263	
	Carrying Charge	718,754	635,219	
	Other overhead	1,963,521	1,854,218	
	Depreciation (Annexure-A)	71,102,204 89,349,392	71,922,604 90,344,381	
20.2.1	Danaire and maintenance			
20.3.1	Repairs and maintenance	2 292 066	2 154 297	
20.3.1	Plant and Machinery	2,283,066	2,154,287	
20.3.1	-	2,283,066 1,120,517 541,635	2,154,287 1,025,489 512,487	



Annual Report 2016-2017		FAR CHEMICA	L INDUSTRIES LTD.
21.00	Selling and distribution expenses		
	Advertisement expenses	535,187	254,689
	Salaries and wages	1,785,406	1,552,187
	Transportation and handling expenses	3,451,052	3,152,498
	Repairs and maintenance	390,751	345,217
	Rent	98,721	95,248
	Electricity, water and gas	750,617	719,543
	Sales promotion expenses	783,402	645,124
	Traveling expenses	628,421	516,523
	Entertainment expenses	245,103	251,026
	Miscellaneous expenses	49,751	31,526
	Sample, test and analysis	267,130	210,546
	Cost of free issue	531,028	411,956
		259,077	262,066
	Depreciation (Annexure-A)	9,775,646	
		9,773,040	8,448,149
22.00	Administrative expenses		
	Salaries and wages	1,251,876	1,052,648
	Postage and telecommunication	48,241	51,248
	Traveling, haulage and passage	746,226	518,754
	Repair and maintenance	95,241	71,542
	Electricity, fuel and water	463,517	396,452
	Printing and stationery	139,754	126,524
	Rent, rates and taxes	5,579,702	5,009,705
	Subscription and donation	63,517	71,526
	Entertainment	58,754	65,034
	Legal and professional Charge	85,691	63,521
	Audit and professional fees	250,000	250,000
	Miscellaneous expenses	32,517	41,258
	News paper and periodicals	3,261	3,549
	AGM Expenses	369,721	342,158
	Director remuneration	600,000	600,000
	Board meeting attendance fees	74,000	62,000
	Depreciation (Annexure-A)	604,513	611,488
		10,466,531	9,337,407
23.00	Employee welfare expenses	701,254	689,091
		701,254	689,091
24.00	Financial expenses		
	Interest on Trust Receipt	581,655	465,214
		581,655	465,214

Annual Report 2016-2017		FAR CHEMICAL INDUSTRIES LTD	
25.00	Other income		
	Interest Income	_	334,741
	Sale of wastage	384,194	419,124
	- -	384,194	753,865
26.00	Basic earnings per share for the year: Earnings from Core Business		
	a) Net Profit after Tax excluding Extraordinary Income	292,221,318	343,757,236
	b) Weighted average number of shares outstanding (Note-26.01)	163,856,816	136,547,347
	Basic Earnings per share (EPS) from core business(a/b)	1.78	2.52
	Earnings from Extraordinary Income		
	a) Extraordinary Income	384,194	753,865
	b) Weighted average number of shares outstanding	163,856,816	136,547,347
	Basic Earnings per share from from Extraordinary Income (a/b)	0.0023	0.0055
	Basic earnings per share	1.79	2.52
	Basic earnings per share (Restated)	1.79	2.10

26.01 Weighted average number of shares outstanding

For the year 2016

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	109,237,878	365/365	109,237,878
Bonus Shares	27,309,469	365/365	27,309,469
Total	136,547,347		136,547,347

For the year 2017

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	136,547,347	365/365	136,547,347
Bonus Shares	27,309,469	365/365	27,309,469
Total	163,856,816		163,856,816

27.00 Net Assets Value (NAV) per share

Total Assets	2,546,642,183	2,320,037,195
Less: Total outside liability	49,029,655	46,756,505
a. Net Asset Value	2,497,612,528	2,273,280,690
b. Total number of shares outstanding	163,856,816	136,547,347
Net Assets Value (NAV) per share (a/b)	15.24	16.65

28.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flow (Numerator)	321,915,021	443,585,879
b) No of Shares outstanding	163,856,816_	136,547,347
Net operating cash flow per share (NOCFPS) (a/b)	1.96	3.25



29.00 Related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provision of BAS 24- Related Party Disclosures:

Name of related party	Nature of transaction	Transaction value during the Year	Outstanding balance as at June 30, 2017
M.L. Dyeing Limited	Sale of goods	15,241,873	3,745,182
Total		15,241,873	3,745,182

30.00 Production and product mix

Production capacity per year 11,000,000 Kg and during the year company produces 10,157,626 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	2,096,521	20.64%
Scouring Agent	719,652	7.08%
Anti-Foaming Agent	817,421	8.05%
Levelling Agent	755,308	7.44%
Fixing Agent	802,106	7.90%
Stabilizer	1,416,350	13.94%
Retarding Agent	1,536,510	15.13%
Bleaching Agent	1,305,217	12.85%
Others	708,541	6.98%
Total	10,157,626	100.00%

30.A Disclosure as per requirement of Schedule XI, part II, note 5 of para 3

Employee Position (as on June 30, 2017)

Salary Range	Officer & Staff Head Office	Worker	Total Employee
Below 5992	5	67	92
Above 5992	13	192	212
Total	17	259	304



30.B Disclosure as per requirement of Schedule XI, part II, para 4 of companies act 1994

Payment to directors within the year of July 1, 2016 to June 30, 2017.

Remuneration & Board Meeting attendance Fees: Tk. 674,000

Directors' are entitled Tk. 2,000 as Board Meeting fee for attending each Board Meeting and Remuneration of Managing Director entitled Tk. 50,000 per month. The break down is as follows:

Name of Board of Directors	Designation	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	12,000	12,000
Md. Shirazul Haque(Representative of FAR Pharmaceuticals Ltd.)	MD	161,667	4,000	165,667
Mr. Kim Jong Suk	Past MD	438,333	8,000	446,333
Mr. Rezaur Rahman Rajon	Director	-	10,000	10,000
Md.Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	-	4,000	4,000
Mr. Akik Habibuzzaman	Independent Director	-	12,000	12,000
Mr. Md. Abdullah	Independent Director	-	12,000	12,000
Mr. Faiaz Kader	Director	_	12,000	12,000
Total		600,000	74,000	674,000

31.00 Events after reporting period (BAS-10)

There was no significant event that has been occurred between the statement of financial position date and the date on which the financial statements are authorised for issue.



32.00 Other commitments, contingencies and relevant information

32.01 Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994

Quantity wise schedules of sales, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 30 June, 2017 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

	01-07-2016 to 30-06-2017		01-07-2015 to 30-06-2016	
Particulars	Quantity in	Amount in Taka	Quantity in	Amount in Taka
	Kg		Kg	
Export Sales	10,371,652	1,436,569,686	9,750,674	1,492,738,046
Total	10,371,652	1,436,569,686	9,750,674	1,492,738,046

32.02 Capital expenditure commitment:

The company has procured total land area 242.53 decimal for its second unit at Rupganj, Narayanganj. Land development work is going on to set up second unit.

32.03 Directors' interest in contracts with the company:

There was no transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors.

32.04 Foreign remittances:

No remittances was made in foreign currency on account of dividend, royalty, technical experts, professional advisor fees, interest, etc.



Annual Report 2016-2017

FAR Chemical Industries Limited Schedule of Property, Plant and Equipment For the year ended June 30, 2017

Annexure-A

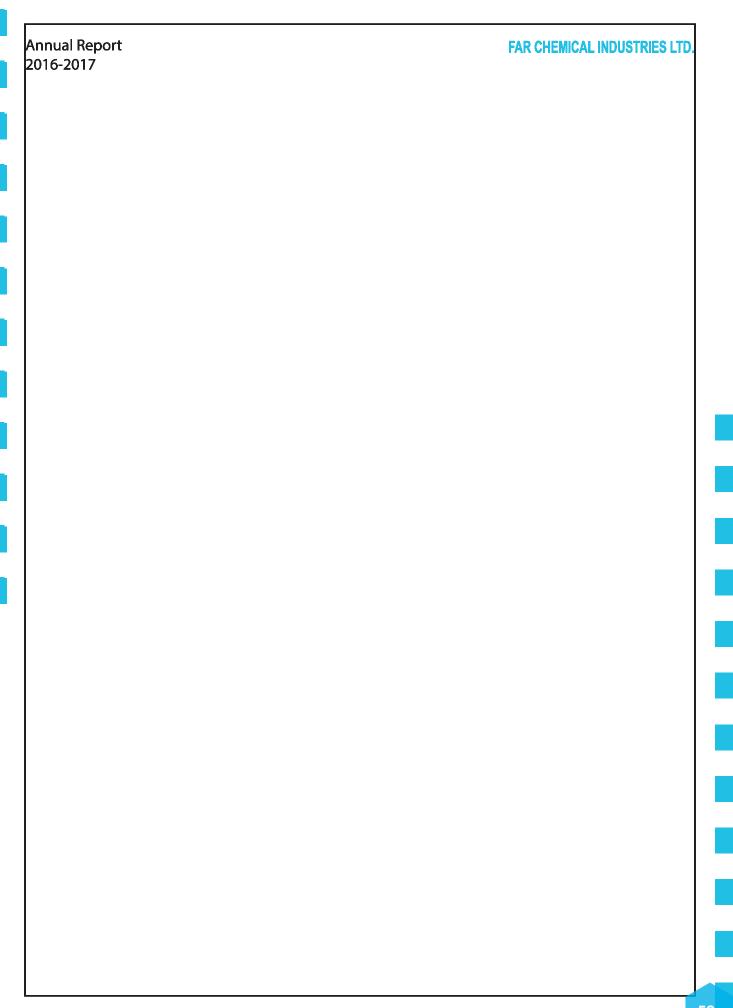
Particulars Balance as on July 01, 2016 Addition year Leasehold land development and and Land development Eactory building 34,914,483 year Eactory building 323,574,479 1,875,163 Plant and machinery 820,019,094 15,241,876 Electrical installation 61,068,071 2,415,362 Compressor 79,142,375 - Fork lift 15,562,879 - Water line installation 16,510,144 842,163 Office equipment 6,761,900 - Furniture and Fixture 5,545,704 41,728 Ralance as on Time 30,2017 16,07760,253 308,058,168					Mary	Depredation		W. Str.
288,5	durin D	bisposal Balance as on depreciation g the year June 30, 2017 amortization	Kate 01 depreciation/ amortization	Balance as on July 01, 2016	Charged during the year	Adjustment during the year	Balance as on June 30, 2017	Written Down Value as at June 30, 2017
288,5 1,8 15,2 2,4 8	1	34,914,483	3.33%	5,563,570	1,162,652		6,726,222	28,188,261
15,2	41,876	533,212,000	%00'0	•	•	1	-	533,212,000
2,2	1,875,163	325,449,642	2.5%	27,385,458	7,428,165	•	34,813,623	290,636,019
2,2	15,241,876	835,260,970	10.00%	325,415,645	50,222,439	1	375,638,084	459,622,886
	2,415,362	63,483,433	10.00%	20,467,698	4,180,805	-	24,648,503	38,834,930
30808	-	79,142,375	10.00%	20,630,509	5,851,187	•	26,481,696	52,660,679
30808	-	15,562,879	10.00%	4,905,418	1,065,746	1	5,971,164	9,591,715
308 (842,163	17,352,307	10.00%	5,270,143	1,166,108	-	6,436,251	10,916,056
308 (6,761,900	10.00%	2,250,449	451,145	-	2,701,594	4,060,306
	41,728	5,587,432	20.00%	3,378,837	437,546	1	3,816,383	1,771,049
	308,958,168	1,916,727,421		415,267,727	71,965,794	-	487,233,521	1,429,493,900
Balance as on June 30, 2016 1,202,001,352 405,767,901	167,901	1,607,769,253		342,471,569	72,796,158		415,267,727	415,267,727 1,192,501,526

Allocation of depreciation

71,102,204	259,077	604,513	71,965,794
%08.86	0.36%	0.84%	100%
Manufacturing Expenses (Note-20.03)	Selling and Distribution Expenses (Note-21.00)	Administrative Expenses (Note-22.00)	



Leasehold land development represents the cost incurred to develop land after being taken over from BEPZA. Soil filing, internal road and boundary wall are the components of this amount. Total area of the factory is 43,065 Sq. fl as per lease agreement and the lease term is for 30 years. Accordingly the leasehold land development cost is being amortized over a period of 30 years on straight line basis.



PROXY FORM

I/We of						h	 eina a
shareholder of FAR Chemica	al Industries Limite	ed and er	titled to vot	e hereb	y appoir	nt Mr./Ms	3
the 10th Annual General Me 2017 at 12.00 P.M. at Bir Ch Kandirpar, Comilla and at an	eting of the Comp andra Nagar Gon	any to be o Pathag	held on We	ednesda	y, the 20	Oth Dece	ember,
As witness my/our hand this			day of				.2017.
Signature of the Shareholde	r(s)		(Signature	e of the I	Proxy)	Twen Rev	ffix ty Taka enue amp
Folio No/ BOID No:							
No of shares held			Dated: .				
Note: 01. A member entitled to a to attend and vote in h 02. The Proxy Form, duly (Floor:5A), Road # 12 hours before of the me	is/her behalf. r stamped, must i , Niketon, Gulshai	reach at	the share o	office Lo	ocated a	t House	# 11
FAR CHEMIC Corporate Office: Hous Gulshan-1,Dhaka-1212	e No:11 (Floor:5-A),					SEAL	
I/We hereby record my/our a on 14th November, 2016 at 1 (Town Hall) Kandirpar, Comil	ttendance at the 9 1.30 a.m. at Bir C		I General M	_		•	_
Name of the shareholder /Pro	эху						
Folio No /BO ID No							
No of Shares held				<u>.</u>			
(Signature of the Proxy)		_ Sig	nature of th	e Share	eholder(s	s)	

N.B: Please present this slip duly signed at the entrance of the Meeting Hall.





CORPORATE OFFICE

House No:11 (Floor:5-A), Road No:12,Niketon, Gulshan-1,Dhaka-1212, Bangladesh Tel: 9858734, Fax:+88 02 9858735 E-mail: farchemicalltd@gmail.com, www.farchemicalbd.com

REGISTERED OFFICE & FACTORY

Plot#135-136, Comilla Export Processing Zone, Comilla