

Annual Report 2015



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FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: M.L. Tower (5th Floor), 1 East Rampura, D.I.T Road, Dhaka-1219, Bangladesh.

FAR CHEMICAL INDUSTRIES LTD.

VISION

Maintain our position and be the leader in the textile dyeing chemical industry by producing the best quality textile dyeing 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 dyeing chemical products.

Support the society through Corporate Social Responsibility initiatives.



MISSION

Our Mission is to produce and export best quality textile dyeing 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 framework with aims to attain the mission reflected by our vision.

Picture of 7th Annual General Meeting-2014



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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, 2015

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 30th June 2015, Statement of Comprehensive Income, Changes in Equity and Cash Flows for the year ended 30th June 2015 along with notes thereon for your reference and record.

Yours sincerely,

Sd/-

ABM Golam Mostafa, FCMA
Company Secretary

Notice of the 3rd Extraordinary General Meeting

Notice is hereby given that the 3rd Extraordinary General Meeting of the shareholders of FAR Chemical Industries Ltd. will be held on Wednesday the November 18, 2015 at 11:00 a.m. at Bir Chandra Nagar Gono Pathagar and Nagar Milaynayatan (Town Hall) Kandirpar, Comilla to consider and, if deemed fit, to adopt the following extraordinary resolutions verbatim:

1. To increase the Authorized Share Capital of the Company.

"Resolved that Authorized Share Capital of the company be increased from Taka 131,00,00,000 (Taka One hundred thirty one crore) divided into 13,10,00,000 (Thirteen Crore Ten lac) ordinary shares of Tk. 10 (Taka Ten) each to Taka 300,00,00,000 (Three hundred crore) divided into 30,00,00,000 (Thirty Crore) ordinary shares of Tk. 10 (Taka Ten) each and amend the clause (v) of Memorandum of Association and Articles 5 (a) of Articles of Association accordingly"

2. To transact any other business of the Company with the permission of the chair.

Dhaka.

October 08, 2015

Sd/-

(ABM Golam Mostafa, FCMA)
Company Secretary

Notes:

- a. Members, whose names appeared on the Members/Depository Registers as on "Record Date" i.e October 27, 2015 are eligible to attend the Extra-Ordinary General Meeting (EGM)
- b. A Member entitled to attend and vote at the EGM may appoint a Proxy to attend and vote in his/her stead.
- c. The "Proxy Form" duly filed and stamped at Tk. 20 must be deposited at the Company's Share Office located at ML Tower (15th Floor) , 1 East Rampura, DIT Road, Dhaka-1219 not later than 48 hours before commencement of the EGM.
- d. Members / Proxies are requested to record their entry in the EGM well in time on November 18, 2015.
- e. Members may please note that no food or gift or benefit in cash or kind shall be given at the Extra-ordinary General Meeting.

FAR CHEMICAL INDUSTRIES LTD.

Notice of the Annual General Meeting

Notice is hereby given that the 8th Annual General Meeting of the shareholders of FAR Chemical Industries Ltd. will be held on Wednesday the November 18, 2015 at 11:30 a.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, 2015 together with reports of the Auditors and the Directors thereon.
2. To declare 25% Stock Dividend as recommended by the Board of Directors.
3. To elect Directors.
4. To appoint Auditors for the year 30th June 2016 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.
October 08, 2015

Sd/-

(ABM Golam Mostafa, FCMA)
Company Secretary

Notes:

- (1) The Record Date of the Company shall be on 27 October, 2015.
- (2) The Shareholders whose names will appear in the Share Register of the Company or in the Depository on the record date i.e. 27 October, 2015, 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 of the Company, Located at ML Tower 15th Floor 1 East Rampura, Dhaka-1219. 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) **No gift or benefit in cash or kind shall be paid to the holders of equity securities in terms of Clause (c) of the Notification No.SEC/ SRMI/2000-953/1950 dated 24 October 2000 for attending the AGM of the Company.**

FAR CHEMICAL INDUSTRIES LTD.

CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Chairman	: Mr. Abid Mustafizur Rahman
Managing Director	: Mr. Kim Jong Suk
Director	: Mr. Rezaur Rahman Rajon
Director	: Mr. Faiaz Kader Sadman
Independent Director	: Mr. Akik Habibuzzaman

AUDIT COMMITTEE

Chairman	: Mr. Akik Habibuzzaman
Member	: Mr. Rezaur Rahman Rajon
Member	: Mr. Faiaz Kader Sadman
Member	: Mr. A.K.M Atiqur Rahman

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	: Mr. Sudip Banik, MBA

AUDITOR'S

AHMAD & AKHTAR (Affiliated with Russell Bedford International, UK)
Chartered Accountants

BANKERS

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

CORPORATE OFFICE

M.L. Tower (5th Floor), 1 East Rampura D.I.T Road, Dhaka -1219, Bangladesh

REGISTERED OFFICE & FACTORY

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

FAR CHEMICAL INDUSTRIES LTD.

SHORT BIO-DATA OF DIRECTORS**Mr. Abid Mostafizur Rahaman**

Chairman

Mr. Abid Mostafizur Rahaman MBA , aged 26, 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 dyeing 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. Kim Jong Suk**

Managing Director

Mr. Kim Jong Suk, aged 62, is the Managing Director and Director of the company. He is a South Korean nationality holder by born. He has completed his B.Sc. in Textile and started his career as a Manager Production in a chemical Industry in Korea, and then he had joined in textile Spinning Mills. After gaining sufficient Knowledge in line of Production, marketing and management system he started his own business occupying position as Managing Director. Mr. Suk established Daxin Oil Chemical Industries Co. in Korea. Mr. Kim acquired vast experience in Textile trading, manufacturing and marketing business through 21 years of business career. He has visited many countries of the world in connection of business and has bagged to his credit a vast experience and knowledge in modern method, technology, production, marketing and management techniques of textiles industries by attaching several courses/ seminars and visiting similar industrial concerns of the world.

Mr. Rezaur Rahman Rajon

Director

Mr. Rezaur Rahman, aged 25 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.



FAR CHEMICAL INDUSTRIES LTD.

Mr. Faiaz Kader Sadman

Director

Faiaz Kader Sadman, aged 22, 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. Akik Habibuzzaman**

Independent Director

Mr. AKIK HABIBUZZAMAN, aged 41, is the Independent Director of the company. After completion of his 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 the sponsors & shareholders the Company.

FAR CHEMICAL INDUSTRIES LTD.

**MESSAGE FROM THE CHAIRMAN**

Bismillahir Rahmnrir Rahim,
Dear Shareholders,
Assalamu Alykum,

Good Morning. On behalf of myself and the Board of Directors, I welcome you all to this 8th 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 2015.

Performance Review:

In the year 2014-2015 turnover of your company has increased from Tk 1,198.19 million to Tk. 1308.37 million compare to the last year, which is highest ever in the history of your company. This is remarkable turnover for us. 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.

FAR CHEMICAL INDUSTRIES LTD.**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. Domestically the incessant weather, political instability created hindrance in our business. Despite of various limitations and interference as well as political unrest, your company had its successful year in 2014-2015. 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

FAR CHEMICAL INDUSTRIES LTD.

DIRECTORS' REPORT

Bismillahir Rahmnr 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 8th 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, 2015 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 in the last one year. 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 Malaysia, 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 2014-2015 over the corresponding period of last year.

The industry has set a target of USD 40 billion exports by 2016, which would create an additional 1.25 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 30-6-2015		Year ended 30-6-2014	
	Taka	Percentage	Taka	Percentage
Softening Agent	412,487,593	32%	348,043,022	29%
Retarding Agent	178,632,048	14%	166,593,935	14%
Leveling Agent	115,428,761	9%	100,947,795	8%
Anti-Foaming Agent	84,102,364	6%	111,475,669	9%
Stabilizer	165,214,873	13%	160,091,611	13%
Scouring Agent	135,215,483	10%	110,539,245	9%
Fixing Agent	85,421,687	7%	90,129,407	8%
Bleaching Agent	44,320,658	3%	90,236,729	8%
Others	87,541,563	7%	20,136,626	2%
Total	1,308,365,030	100%	1,198,194,039	100%

FAR CHEMICAL INDUSTRIES LTD.**(i) 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 not yet been increased for the industries but the government has 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.

(ii) 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.998.74 million as compared to last year's cost of goods sold of Tk.915.21 million. This is due to the fact that there has been an increase of raw materials, manufacturing overhead and average production quantity. Production capacity utilized during the year was 76.40%. There was an increase in wages and salaries to the tune of Tk. 0.09 million as compared to last year.

(b) Gross Profit:

The company has achieved an export turnover of Tk. 1,308.37 million during the year ended 30th June, 2015. Last year's turnover was Tk. 1,198.19 million. The increase in turnover is 9.19% over the last year. Gross profit earned during the year was Tk. 309.62 million as compared to last year's gross profit of Tk 282.98 million.

(c) Net Profit:

Net profit (after tax) earned during the year was Tk. 298.46 million as compared to last year's Net profit (after tax) of Tk. 281.71 million. During the year net profit after tax has increased by Tk. 16.75 million compared to last year.

(iii) Extra-Ordinary gain or loss:

During the year there have accrued profit as interest from share money deposit offered by Initial Public Offer (IPO) made by the company.

FAR CHEMICAL INDUSTRIES LTD.**(i) Utilization of proceeds from public issue:**

Company has expended Tk. 106,790,553 from the proceeds of Initial Public Offer (IPO) which consisted of as below:

Building & Other Civil Construction	: 12,576,000
Imported Machinery	: 87,234,500
Spare Parts & Cleaning, Erection, Loading/ Unloading, Transportation, Installation cost	: 6,980,053

(ii) 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, 2015
M.L Dyeing Ltd	Common Director	Sale of Goods	145,396,876	75,396,876

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

There is no significant variance between the Quarterly Financial performance and Annual Financial Statements.

(ix) Remuneration to directors including independent directors:

The remunerations of Directors are as follows:

Name	Position	Amount in Taka
Mr. Abid Mustafizur Rahman	Chairman	Nil
Mr. Kim Jong Suk	Managing Director	6,00,000
Mr. Rezaur Rahman Rajon	Director	Nil
Mr. Faiaz Kader Sadman	Director	Nil
Mr. Akik Habibuzzaman	Independent director	Nil
Total		6,00,000

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:

There are improvement from the last year's operating results. The growth in the business is positive and management's continuous endeavor to grow and sustain the pressure of international competitive market.

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

Operational Data:

Particulars	Year ended as on				
	30.06.2015	30.06.2014	30.06.2013	30.06.2012	30.06.2011
Turnover (Tk)	1,308,365,030	1,198,194,039	1,097,422,650	689,265,894	397,275,647
Gross Profit (Tk)	309,624,377	282,983,442	404,456,039	220,567,157	70,617,944
Operating Profit (Tk)	293,728,345	237,638,491	397,323,834	215,261,682	65,201,787
Net Profit before tax (Tk)	298,461,130	281,711,185	395,582,363	213,153,602	64,355,771
Net Profit after tax (Tk)	298,461,130	281,711,185	395,582,363	213,153,602	64,355,771
Basic EPS (Tk)	2.73	3.45	5.01	4.05	64.42
Dividend per share (%)	25%	20%	50%	Nil	Nil

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

Financial Data:

Particulars	Year ended as on				
	30.06.2015	30.06.2014	30.06.2013	30.06.2012	30.06.2011
Authorized Capital (Tk)	1,310,000,000	1,310,000,000	1,010,000,000	1,010,000,000	1,010,000,000
Paid up Capital (Tk)	1,092,378,780	910,315,650	790,315,650	526,877,100	99,900,000
Face value per share (Tk)	10	10	10	10	100
Retained Earnings (Tk)	836,390,809	719,992,809	438,281,624	306,137,811	92,984,209
Current Assets (Tk)	1,113,378,741	918,381,573	605,954,364	449,690,120	206,299,838
Current Liabilities (Tk)	45,687,406	89,205,183	83,881,290	81,575,814	73,459,179
Current Ratio	24.37	10.30	7.22	5.51	2.81
Quick Ratio	16.17	6.40	4.53	2.92	1.65
Debt-Equity Ratio	N/A	N/A	N/A	N/A	N/A
Time Interest Earned Ratio	1,618.12	361.06	197.07	90.23	65.933
Return on Assets	34.72%	35.23%	56.11%	46.00%	13.26%
Return on Equity	15.47%	17.28%	32.20%	25.59%	10.38%
Earnings per share	2.73	3.45	5.01	4.05	64.42
Dividend Payout Ratio	91.50%	57.97%	50	Nil	Nil
Number of Shareholders	9159	3654	22	12	12

(xiii) Number of Board Meetings:

The Board met 9 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	Chairman	9	4
Mr. Kim Jong Suk	Managing Director	9	5
Mr. Rezaur Rahman Rajon	Director	9	4
Mr. Lee Jung Kook	Director	9	1
Mr. Falaz Kader Sadman	Director	9	6
Mr. Akik Habibuzzaman	Independent Director	9	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	5,025,000
Mr. Kim Jong Suk	Managing Director	22,005,000
Mr. Rezaur Rahman Rajon	Director	5,225,000
Mr. Faiaz Kader Sadman	Director	10,416,615
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
Mr. Kim Jong Suk : 22,005,000 Shares

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

Mr. Abid Mustafizur Rahman will resign and be reappointed.

(xvi) Auditors:

Present Auditors AHMAD & AKHTAR, Chartered Accounts (Affiliated with Russell Bedford International, UK) will retire in the 8th AGM and being eligible to audit for the year ended 30th June 2016 as per order of Bangladesh Securities and Exchange Commission (BSEC) No BSEC/CMRRCD/2009-193/104/Admin dated July 27, 2011 they have conveyed their willingness to accept for reappointment.

(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 concern individuals that your company has been decided to expand and diversified its product categories as well as increase production capacity. In this regard the company has purchased 47.12 decimal of factory land out of 200 decimal of land at Rupgonj, Narayanganj. We hope that within next year we may complete purchase of total land and start of construction civil work as well as within next 1½ years commencement of production will be taken place.

On behalf of the Board



Abid Mustafizur Rahman
Chairman

CERTIFICATE OF COMPLIANCE TO THE SHAREHOLDERS OF**FAR Chemical Industries Limited**

(As required under the BSEC Guidelines)

We have examined compliance to the BSEC guidelines on Corporate Governance by FAR Chemical Industries Limited for the year ended 30th June 2015, these guidelines relate to the Notification no. SEC/CMRRCD/2006-158/134/Admin/44 dated 7th August 2012 of Bangladesh Securities and Exchange Commission (BSEC) on Corporate Governance.

Such compliance to the codes of Corporate Governance is the responsibility of the Company. Our examination was limited to the procedures and implementation thereof as adopted by the Management in ensuring compliance to the conditions of Corporate Governance. This is a scrutiny and verification only and not an expression of opinion or audit on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations provided to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines issued by BSEC. We also state that such compliance is neither an assurance as to the future viability of the Company nor a certification on the efficiency or effectiveness with which the Management has conducted the affairs of the company.

October 01, 2015, Dhaka



(Shiraz Khan Basak & Co.)
CHARTERED ACCOUNTANTS

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/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	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
1.1	Board's Size	✓		
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	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
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.	✓		No such issue
1.4	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	✓		
1.5 (i)	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.	✓		No such issue
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 fairly its state of affairs, the result of its operations, cash flows and changes in equity	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
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 such matter to explain
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years shall be summarized.	✓		
1.5 (xix)	If the issuer company has not declared dividend (cash or stock) for the year, the reasons thereof shall be given.	✓		
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;	✓		
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 the company shall disclose the following information to the shareholders: a brief resume of the director	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
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.	✓		
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).	✓		
3.3 (i)	Role of Audit Committee: Oversee the financial reporting process.	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
3.3 (ii)	Monitor choice of accounting policies and principles.	✓		
3.3 (iii)	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;	✓		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: The issuer company should not engage its external/statutory auditors to perform the following services of the company; namely: Appraisal or valuation services or fairness opinions.	✓		
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.	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
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 during the year which are fraudulent, illegal or violation of the company's code of conduct.	✓		

September 23, 2015

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, 2015.

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.

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
FAR CHEMICAL INDUSTRIES LIMITED**

We have audited the accompanying financial statements of the FAR Chemical Industries Limited (the company) which comprise the statement of financial position as at June 30, 2015, the related Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the period then ended and notes, comprising a summary of significant accounting policies and other relevant explanatory notes thereon.

Managements' 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 (BFRS), Bangladesh Accounting Standards (BAS), the Companies Act 1994, the Securities & Exchange Commission Rules 1987 and other applicable laws and regulations. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion 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 about 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to 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, the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of 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 of the company along with the notes thereon prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) and Bangladesh Accounting Standards (BASs), give a true and fair view of the state of the statement of financial position of the company as at 30 June 2015 and of the results of their financial performance and cash flows for the year then ended and comply with the Companies Act 1994, the Securities & Exchange Commission Rules 1987 and other applicable laws and regulations.

We also report that:

- i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii. in our opinion, proper books of account as required by the law have been kept by the Company so far as it appeared from our examination of those books;
- iii. the Company's statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts; and
- iv. the expenditures were incurred for the purpose of the Company's business.

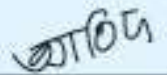
Date: October 06, 2015
Place: Dhaka


AHMAD & AKHTAR
Chartered Accountants

FAR CHEMICAL INDUSTRIES LIMITED
Statement of Financial Position
 As at June 30, 2015

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
ASSETS			
Non-current assets			
Property, plant & equipment	4.00	859,529,782	799,583,599
Security deposit	5.00	1,548,471	1,548,471
		861,078,253	801,132,070
Current assets			
Inventories	6.00	374,399,878	304,333,397
Trade and other receivables	7.00	644,292,072	406,101,996
Advances, deposits and prepayments	8.00	51,710,861	43,187,323
STD Account (IPO)	9.00	3,035,000	155,986,104
Cash and cash equivalents	10.00	39,940,930	8,772,753
		1,113,378,741	918,381,573
TOTAL ASSETS		1,974,456,995	1,719,513,642
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11.00	1,092,378,780	910,315,650
Retained earnings	12.00	836,390,809	719,992,809
		1,928,769,589	1,630,308,459
Current Liabilities			
Trade and other payables	13.00	31,937,074	56,140,265
Short term borrowings	14.00	4,521,876	8,542,157
Share Money Deposits (IPO)	15.00	3,035,000	6,282,239
Creditors and Accrues	16.00	6,193,456	18,240,522
		45,687,406	89,205,183
TOTAL EQUITY AND LIABILITIES		1,974,456,995	1,719,513,642
Net Assets Value (NAV) per share	24.00	17.66	17.91

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



Chairman



Managing Director

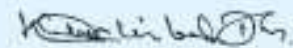


Chief Financial Officer

As per our annexed report of even date

Dated: October 06, 2015

Place: Dhaka



AHMAD & AKHTAR

Chartered Accountants

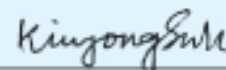
FAR CHEMICAL INDUSTRIES LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2015

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
Revenue	17.00	1,308,365,030	1,198,194,039
Cost of sales	18.00	998,740,653	915,210,597
Gross profit		309,624,377	282,983,442
Operating expenses			
Selling and distribution expenses	19.00	8,274,333	6,276,711
Administrative expenses	20.00	6,993,121	38,454,160
Employee Welfare expenses	21.00	628,579	614,080
		15,896,033	45,344,951
Profit from operation		293,728,345	237,638,491
Financial expenses	22.00	181,524	658,176
		293,546,821	236,980,315
Other income	23.00	4,914,309	44,730,870
Profit before tax		298,461,130	281,711,185
Income tax expenses		-	-
Profit after tax		298,461,130	281,711,185
Other Comprehensive Income			
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		298,461,130	281,711,185
Earnings per share (EPS)			
Basic earnings per share	25.00	2.73	3.45
Restated Basic EPS	25.00	2.73	2.58

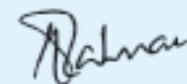
The annexed notes form an integral part of these financial statements.



Chairman



Managing Director

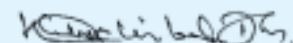


Chief Financial Officer

As per our annexed report of even date

Dated: October 06, 2015

Place: Dhaka



AHMAD & AKHTAR
Chartered Accountants

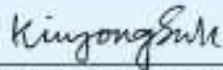
FAR CHEMICAL INDUSTRIES LIMITED
Statement of Cash Flows
For the year ended June 30, 2015

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
A. Cash flows from operating activities:			
Receipt from customers		1,070,174,954	1,162,415,040
Receipt from other income		4,914,309	44,730,870
Payment for cost of expenses		(1,033,508,694)	(984,889,528)
Payment for operating expenses		(27,116,882)	(32,298,718)
Payment for employee welfare expenses		-	(614,080)
Net cash from operating activities		14,463,687	189,343,584
B. Cash flows from investing activities:			
Acquisition of property, plant and equipment		(128,797,569)	(156,183,709)
Increase/(Decrease) in STD Account		152,951,104	(155,986,104)
Net cash used in investing activities		24,153,535	(312,169,813)
C. Cash flows from financing activities:			
Receipt/(Payment) against short term loan		(4,020,281)	(3,682,939)
Increase in Share Capital		-	120,000,000
Increase/(Decrease) in Share Money Deposit		(3,247,239)	6,282,239
Payment of financial expenses		(181,524)	(658,176)
Net Cash used in financing activities		(7,449,044)	121,941,124
D. Net increase in cash and cash equivalents (A+B+C)		31,168,178	(885,105)
E. Opening cash and cash equivalents		8,772,753	9,657,858
F. Closing cash and cash equivalents (D+E)		39,940,930	8,772,753
Net Operating Cash Flow Per Share (NOCFPS)	26.00	0.13	2.08

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



Chairman



Managing Director



Chief Financial Officer

As per our annexed report of even date

Dated: October 06, 2015
Place: Dhaka


AHMAD & AKHTAR
Chartered Accountants

FAR CHEMICAL INDUSTRIES LIMITED**Statement of Changes in Equity**

As at June 30, 2015

Particulars	Share capital Taka	Retained earnings Taka	Total Taka
Balance at July 01, 2014	910,315,650	719,992,809	1,630,308,459
Add/Less: Bonus issue for the year 30 June, 2014	182,063,130	(182,063,130)	-
Add: Profit during the year	-	298,461,130	298,461,130
Balance as at 30 June 2015	1,092,378,780	836,390,809	1,928,769,589

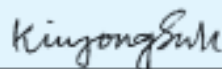
FAR CHEMICAL INDUSTRIES LIMITED**Statement of Changes in Equity**

As at June 30, 2014

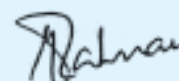
Particulars	Share capital Taka	Retained earnings Taka	Total Taka
Balance at July 01, 2013	790,315,650	438,281,624	1,228,597,274
Add: IPO Share issue	120,000,000	-	120,000,000
Add: Profit during the year	-	281,711,185	281,711,185
Balance as at 30 June 2014	910,315,650	719,992,809	1,630,308,459



Chairman



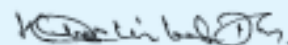
Managing Director



Chief Financial Officer

As per our annexed report of even date

Dated: October 06, 2015
Place: Dhaka



AHMAD & AKHTAR
Chartered Accountants

FAR Chemical Industries Limited
Schedule of Property, Plant and Equipment
For the financial year ended 30 June 2015

Annexure-A

Amount in Taka

Particulars	Cost			Rate of depreciation/ amortization	Depreciation		Written Down Value as at June 30, 2015
	Balance as on July 01, 2014	Addition during the year	Balance as on June 30, 2015		Balance as on July 01, 2014	Charged during the year	
Leasehold land development	34,788,996	125,487	34,914,483	3.33%	3,238,266	4,400,918	30,513,565
Land and Land development	-	5,154,876	5,154,876	0.00%	-	-	5,154,876
Factory building	214,087,105	19,745,216	233,832,321	2.5%	15,735,811	20,941,408	212,890,913
Plant and machinery	652,918,440	98,421,548	751,339,988	10.00%	226,735,878	274,275,212	477,064,776
Electrical installation	49,010,803	4,641,587	53,652,390	10.00%	12,483,743	16,368,528	37,283,862
Compressor	78,790,191	352,184	79,142,375	10.00%	6,925,069	14,129,190	65,013,185
Fork lift	15,562,879	-	15,562,879	10.00%	2,405,520	3,721,256	11,841,623
Water line installation	16,295,081	215,063	16,510,144	10.00%	2,645,548	4,021,254	12,488,890
Office equipment	6,320,292	89,421	6,409,713	10.00%	1,258,048	1,768,743	4,640,970
Furniture and Fixture	5,429,996	52,187	5,482,183	20.00%	2,192,303	2,845,060	2,637,123
Balance as on 30 June 2015	1,073,203,783	128,797,569	1,202,001,352		273,620,184	342,471,570	859,529,782
Balance as on 30 June 2014	917,020,074	156,183,709	1,073,203,783		212,044,345	273,620,184	799,583,599

Allocation of depreciation

Manufacturing overhead (Note-18.03)	98.80%	68,025,169
Selling and Distribution Expenses (Note-19.00)	0.36%	247,865
Administrative Expenses (Note-20.00)	0.84%	578,352
	100%	68,851,385

Leasehold land development represents the cost incurred to develop land after being taken over from BEPZA. Soil filling, internal road and boundary wall are the components of this amount. Total area of the factory is 43,065 Sq.ft 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.

FAR CHEMICAL INDUSTRIES LIMITED**Name of Store Item****Annexure-B**

The significant items of Stores are presented below:

Acid proof Breaks	Belcher	Gate Bulbe
Acid proof Pumps	Acid Proff Gaskit	Acide Proof
Pipe-MS & SS	Cement	Nut-bolt- MS & SS
Pipe- PVS	P.H. Paper	G.I Hook/Clam
Welding Rod- MS & SS	Paint, Thinner and Brush	Scale
Plane Sheet- MS & SS	Pop Poly	Cable
Eangle Channel- MS	Rope	E. Bulb
VIM- MS	Gumboot	Hand Globs
Geskate- Robber	Emery Papers	Motors
Cutting Dish	Cap	Bearing
Drill Beat	Filter	Tape
Capacitor	Circuit Bracker	Grinding Lihue
Hacks Blade	Dress	Tube Light
Magnatic Contact	Generator & Spare Parts	Potacium Cilicate

FAR CHEMICAL INDUSTRIES LIMITED
Notes, Comprising a Summary of Significant Accounting
Policies and Other Explanatory Information

For the financial year ended June 30, 2015

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 M.L Tower, DIT Road, 1 East Rampura, Dhaka-1219 and Registered office & factory is situated at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh. Subsequently the company has been converted into 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 Chemicals products to different export oriented Textiles, Dyeing and Apparels. Some of the Principal products and services are:

- Softening agent;
- Scouring Agent;
- Anti-Foaming Agent;
- Leveling Agent;
- Fixing Agent;
- Stabilizer;
- Retarding Agent; and
- Bleaching Agent.

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 Limited 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 BASs/BFRSs, required 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 amounts may differ from these estimates.

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

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 2014 to 30 June 2015 and is followed consistently.

2.08 Statement of Cash Flows

Statement of cash flows is prepared in accordance with "BAS 7: Statement of Cash Flow" 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 3.16 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 3.16.
- 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 Bangladesh Accounting Standards (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	Construction Contracts	11
7	Income Taxes	12
8	Segment Reporting	14
9	Property, Plant and Equipment	16
10	Leases	17
11	Revenue	18
12	Employees Benefits	19
13	Accounting for Government Grants & Disclosure of Government Assistance	20
14	The Effects of Changes in Foreign Exchange Rates	21
15	Borrowing Costs	23
16	Related Party Disclosures	24
17	Accounting for Investment	25
18	Accounting and Reporting by Retirement Benefit Plans	26
19	Consolidated and Separate Financial Statements	27
20	Investment in Associates	28
21	Disclosures in the Financial Statements of Banks and similar Financial Institutions (supersedes by BFRS-7)	30
22	Interest in Joint Ventures	31
23	Financial Instruments: Presentation	32
24	Earnings Per Share	33
25	Interim Financial Reporting	34
26	Impairment of Assets	36
27	Provision, Contingent Liabilities and Contingent Assets	37
28	Intangible Assets	38
29	Financial Instruments: Recognition & Measurement	39
30	Investment Property	40
31	Agriculture	41

SL. No.	Name of the BFRS/IFRS	BFRS/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

3.1 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 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 3.33% 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 on current year addition is charge from date of utilization and when the assets are available for use. No depreciation is charged in the year of disposal at all.

The rates of depreciation of assets considering their useful lives are as follows:

<u>Category</u>	<u>Rate</u>
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	20%

3.2 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, 2015
- ii. Statement of profit or loss and other comprehensive income for the financial year 30 June, 2015
- iii. Statements of cash flows for the financial year 30 June, 2015
- iv. Statement of changes in equity for the financial year 30 June, 2015
- v. Notes, comprising a summary of significant accounting policies and other explanatory information for the financial year 30 June, 2015

3.3 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.

3.4 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 profit or loss and 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.

3.5 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 Bangladeshi Taka at the exchange rate ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to Statement of profit or loss and other comprehensive income for the respective period.

3.6 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.

3.7 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 costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effect.

3.08 Taxation**3.08.1 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.

3.08.2 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 period recognized in the current period "BAS 12: Income Tax".

Since the income of the company is exempted from tax. So the calculation of deferred tax is 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 dividends, 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 ordinary shares outstanding during the year.

Diluted Earnings Per Share (DEPS)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average 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 a single 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 the date on which the financial statements are authorized for issue.

3.14 Worker's Profit Participation & Welfare Funds

Accordance with the requirement of section 234 of labour Act. 2006, the company should contributed 5% of net profit before charging the amount to the aforementioned fund. But the company established in Comilla Export Processing Zone and the always comply only BEPZA rules relating to services matter concerning workers and officers employed in the company operating in the Export Processing Zone of Bangladesh, which imposed by BEPZA. There is no provision for workers' participation fund in Company's profits at BEPZA rules.

On the other hand, the company has been paying against "Workers Welfare Fund" to BEPZA since 1st February 2013, the date of implementation of the fund by BEPZA and the expenses have already been included into "Employee Welfare Expense" which presented in the statement of profit or loss and other comprehensive income.

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 other 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 counterparties 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. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The breakup of 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	644,292,072
Less: Related Parties	<u>75,396,876</u>
Net due from customer	<u>568,895,196</u>

Out of the total trade debts of Tk.644,292,072, the Company has not made any provision. The aging profile of trade debts overdue is as follows:

Time duration	Gross Amount	Impairment
Upto 6 Month	644,292,072	-
Over 6 Month	-	-
	644,292,072	-

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 Liability	Carrying Amount	On Demand	Contractual Cash Flows	Upto one year	More than one year
Trade and other payable	31,937,074	-	31,937,074	31,937,074	-
Short term borrowing	4,521,876	4,521,876	-	-	-
	36,458,950	4,521,876	31,937,074	31,937,074	-

Fair Values

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, differences may arise between the carrying value and the fair value estimates. As at 30 June 2015 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 06 October 2015 by the Board of 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 year 2014 have been rearranged wherever considered necessary to ensure comparability with the current year.

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
4.00 Property, plant & equipment			
At cost			
Opening balance		1,073,203,783	917,020,074
Addition during the year		128,797,569	156,183,709
		1,202,001,352	1,073,203,783
Accumulated depreciation			
Opening balance		273,620,184	212,044,345
Charged during the year		68,851,385	61,575,839
		342,471,569	273,620,184
Written down value as on June 30		859,529,783	799,583,599
The details of the above is given in Annexure-A			
Note: Addition of land and land development includes:			
Deed value of land (27 Decimal of land at 1st phase out of 200 Decimal)		4,115,000	-
Registration and other cost		576,100	-
Land Development Cost		463,776	-
Total		5,154,876	-
Description of land: Registered Deed of Agreement no. 5245, Dag No. CS & SA 290,294 (RS 873) , GL No: CS 147, SA 147, RS 181; CS Khatian No.57, SA Khatian No.137, RS Khatian No.214, Mouza: Bhulta, Union: Bhulta, Thana: Rugganj, Dist: Narayagonj.			
5.00 Security deposit			
Land lease at BEPZA, Plot : 135-136		1,152,985	1,152,985
Deposit for electricity		395,486	395,486
		1,548,471	1,548,471
6.00 Inventories			
	Notes		
Raw materials	6.01	251,524,187	198,616,971
Work-in-process	6.02	10,635,218	9,204,518
Packaging materials	6.03	8,121,056	7,845,123
Finished goods	6.04	98,754,128	85,412,598
Store items	6.05	5,365,289	3,254,187
		374,399,878	304,333,397
6.01 Raw materials			
Opening stock		198,616,971	180,913,527
Add: Purchase during the year		875,214,876	835,105,258
Raw materials available for production		1,073,831,847	1,016,018,785
Less: Input to production		822,307,660	817,401,814
		251,524,187	198,616,971
6.02 Work-in-process			
Opening work-in-process		9,204,518	9,712,548
Add: Current year		868,177,014	860,266,664
		877,381,532	869,979,212
Less: Transfer to finished goods		866,746,314	860,774,694
		10,635,218	9,204,518

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
6.03 Packaging materials			
Opening stock		7,845,123	6,584,275
Add: Purchase during the year	18.02	46,145,287	44,125,698
		<u>53,990,410</u>	<u>50,709,973</u>
Less: Consumption during the year	18.02	45,869,354	42,864,850
		<u>8,121,056</u>	<u>7,845,123</u>
6.04 Finished goods			
Opening stock		85,412,598	4,099,847
Add: Production during the year	18.00	1,012,425,062	996,974,616
Less: Cost of free issue		(342,879)	(451,268)
Production available for export		<u>1,097,494,781</u>	<u>1,000,623,195</u>
Less: Cost of goods sold	18.00	998,740,653	915,210,597
		<u>98,754,128</u>	<u>85,412,598</u>
6.05 Store items			
Opening stock		3,254,187	2,548,763
Add: Purchase during the year		27,652,198	26,350,484
		<u>30,906,385</u>	<u>28,899,247</u>
Less: Consumption during the year		25,541,096	25,645,060
		<u>5,365,289</u>	<u>3,254,187</u>
Details shown in Annexure-B			
7.00 Trade and others receivables			
Export Bill Receivables	7.01	644,292,072	406,101,996
		<u>644,292,072</u>	<u>406,101,996</u>
7.01 Export bills receivables			
M.L Dyeing limited		75,396,876	3,268,541
Asif Fabrics Ltd		18,542,968	5,684,521
Shovon Dyeing Ltd		16,325,417	659,874
D.S Fashion Ltd		4,521,963	2,102,656
Javed Apparels Ltd		26,032,153	29,854,128
Knit zone Ltd		21,541,287	12,548,736
Liz Fashion Ind. Ltd		9,652,343	6,325,425
Radial International Ltd		22,104,256	854,877
Advance Tex Ltd		48,745,693	35,248,762
Rita Fabrics Ltd		35,210,356	32,523,659
Glare Knitting Ltd		18,754,126	8,240,576
Sea Blue Textile Ltd		33,255,487	15,412,896
Paragon Composite Ltd		31,281,908	6,325,487
Trust Knitwear Ltd		5,421,870	2,159,860
Knit Fabrics Ltd		15,632,416	23,256,827
Interstoff apparels Ltd		5,218,756	24,511,206
Southeast Fabrics Ltd		52,154,836	9,565,205
Matrix Textiles Ltd		9,652,103	2,839,505
S.M Knitwears Ltd		6,521,547	6,325,402
Stress Dress Ltd		35,231,474	25,457,410
Eon Knit Apparels Ltd		5,203,165	8,545,218
Dird Composite Tex. Ltd.		37,891,814	37,652,158
Sabah Knitting Ltd		16,523,154	22,632,054
Sardar Textiles Ltd		21,275,705	26,874,523
Base Knitting Ltd		23,521,026	18,465,535
Trams Apparels Ltd		9,856,263	1,592,881
Abdul Hai Knit Wears		3,410,145	23,521,587
Life Knitting Ltd		35,412,965	13,652,487
		<u>644,292,072</u>	<u>406,101,996</u>

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
Receivables due over six months		-	-
Receivables due below six months		644,292,072	406,101,996
		<u>644,292,072</u>	<u>406,101,996</u>

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	Amount in Taka	
	30-06-2015	30-06-2014
Receivables considered good in respect of which the company is fully secured	644,292,072	406,101,996
Receivables considered good in respect of which the company holds no security other than the debtor personal security	-	-
Receivables considered doubtful or bad	-	-
Receivables due by common management	75,396,876	3,268,541
The maximum amount of receivable due by any director or other officer of the company	-	-

8.00 Advances, deposits and prepayments

Sundry Advances	8.01	36,498,866	28,516,812
Advance Salary		1,120,000	1,120,000
M/S. Mukta Bricks Field		-	-
M/S. Abul Khair Steel		1,254,871	5,254,871
Advance Income Tax (AIT)		7,204,576	6,663,092
M/S. Sattar Enterprise		5,632,548	1,632,548
		<u>51,710,861</u>	<u>43,187,323</u>

8.01 Sundry Advances

Mr. MA Bari		750,000	215,482
Mr. Uttam Kumar		875,416	352,174
M/S. Gazi Enterprise		421,587	632,548
M/S. Omer Electrical Engineering Works		4,215,487	12,652,147
Md. Abul Khair Manik		1,854,217	32,546
M/S. United Trade Center Ltd.		4,000,067	84,751
M/S. Bangla Trac Ltd.		8,813,521	-
M/S. L/N Enterprise		7,842,150	325,412
M/S. Creative Design and Development		1,254,187	321,110
M/S. Tropical Vertical Mover		1,820,128	635,871
M/S. Denmark Refrigeration Workes		4,652,106	13,264,771
		<u>36,498,866</u>	<u>28,516,812</u>

9.00 STD Account

STD Accounts (BRAC Bank)		3,035,000	155,986,104
		<u>3,035,000</u>	<u>155,986,104</u>

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
10.00 Cash and Cash Equivalent			
Cash in hand - Head Office		4,721,054	1,254,876
Cash in hand - Factory		3,941,876	2,635,487
Cash at bank:			
Al-Arafa Islami Bank Ltd		18,925	19,625
Social Islami Bank Limited (A/C No-21330054628)		31,252,672	4,854,218
Bank Asia Limited (A/C No-733003885)		6,403	8,547
		39,940,930	8,772,753
11.00 Share Capital:			
11.01 Authorized share capital :			
131,000,000 ordinary shares of Taka 10/= each.		1,310,000,000	1,310,000,000
11.02 Issued, subscribed and paid-up capital:			
10,92,37,878 Ordinary Shares of Tk. 10/- each fully paid-up against cash		1,092,378,780	910,315,650

The shareholding position of the company are as under:

Name	No of shares	Percentages (%)	Amount in Tk
Abid Mustafizur Rahman	5,025,000	4.60%	50,250,000
Faiaz Kader	10,416,615	9.54%	104,166,150
Kim Jong Suk	22,005,000	20.14%	220,050,000
Rezaur Rahaman Rajaon	5,225,000	4.78%	52,250,000
Other Shareholder	36,359,950	33.29%	363,599,500
General Shareholder (IPO)	30,206,313	27.65%	302,063,130
Total	109,237,878	100.00%	1,092,378,780

11.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2015.

Ranges of Shareholdings	No. of Holder	Total holding %
Less than or equal to 500 Shares	1,935	28.01%
501 to 1,000 Shares	1,832	26.52%
1,001 to 5,000 Shares	2,015	29.16%
5,001 to 10,000 Shares	512	7.41%
10,001 to 20,000 Shares	309	4.47%
20,001 to 30,000 Shares	100	1.45%
30,001 to 40,000 Shares	60	0.87%
40,001 to 50,000 Shares	31	0.45%
50,001 to 100,000 Shares	60	0.87%
100,001 to 1,000,000 Shares	42	0.61%
Over 1,000,000 Shares	13	0.19%
Total	6,909	100.00%

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
12.00 Retained earnings			
Opening balance		719,992,809	438,281,624
Less: Stock Dividend		182,063,130	-
		<u>537,929,679</u>	<u>438,281,624</u>
Add: Profit during the year		298,461,130	281,711,185
		<u>836,390,809</u>	<u>719,992,809</u>
13.00 Trade and other payable			
Suzhon Dashan IOE		12,548,766	5,215,487
CJTECH Co Ltd		5,214,873	6,352,748
Shandong Senjie Chemical Co Ltd		-	2,012,485
SFC Co Ltd		-	524,879
Guangxi Mingli Group Co. Ltd		-	6,523,845
Paban Dyeing Ltd		-	2,458,765
Swedor Tech AB		-	524,879
SBC Co Ltd		8,541,278	16,842,688
Chemitact		-	7,452,189
J & C Industry		-	1,056,870
OCI Corporation		5,632,157	4,521,560
Double Sun		-	2,653,870
		<u>31,937,074</u>	<u>56,140,265</u>
14.00 Short term borrowings			
Trust Receipt (Note-14.1)		4,521,876	8,542,157
		<u>4,521,876</u>	<u>8,542,157</u>
14.01	The Social Islami Bank Limited (SIBL) 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 interest 14.50% per annum		
	b) Validity upto 23.04.2016 and can be renewable yearly.		
15.00 Share Money Deposits (IPO)			
Opening balance		6,282,239	-
Add: Addition during the year		-	6,282,239
Less: Refund during the year		3,247,239	-
Share Money Deposits		<u>3,035,000</u>	<u>6,282,239</u>

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
16.00 Creditors and accruals			
Electricity bill		96,521	75,421
Water bill		754,186	532,547
Medical subscription-BEPZA		22,548	22,548
Salaries and wages		1,975,412	1,925,487
Director remuneration and fees		100,000	100,000
Sundry creditors	16.01	2,102,801	14,637,055
M/s Jubair Construction		365,218	169,524
Audit and professional fees		250,000	250,000
M/s Saif Powertech Ltd		-	124,518
M/s Alhaj Supply & Transport		174,583	215,876
M/s Bright Sheet		-	-
M/s Khan Associates		352,187	187,546
		<u>6,193,456</u>	<u>18,240,522</u>
16.01 Sundry creditors			
M/s Power Puls Engineering		-	165,241
M/s Pacific Associates		-	365,287
M/s Zahid Enterprise		975,418	74,518
M/s New China Thai Aluminium Ltd.		521,042	632,058
M/s Rainbow Printers		352,154	201,387
M/s. SATCOMIT Ltd		-	13,000,000
M/s Transformer & Electric Mfg Co Ltd.		254,187	198,564
		<u>2,102,801</u>	<u>14,637,055</u>
17.00 Revenue			
Softening Agent		412,487,593	352,941,208
Scouring Agent		135,215,483	121,102,367
Anti-Foaming Agent		84,102,364	95,541,876
Levelling Agent		115,428,761	120,365,248
Fixing Agent		85,421,687	95,248,731
Stabilizer		165,214,873	152,487,692
Retarding Agent		178,632,048	150,548,762
Bleaching Agent		44,320,658	42,105,986
Others		87,541,563	67,852,169
		<u>1,308,365,030</u>	<u>1,198,194,039</u>
18.00 Cost of sales			
Raw materials consumed-Chemicals	18.01	822,307,660	817,401,814
Packaging materials consumed	18.02	45,869,354	42,864,850
		<u>868,177,014</u>	<u>860,266,664</u>
Add: Work in process- opening		9,204,518	9,712,548
		<u>877,381,532</u>	<u>869,979,212</u>
Less: Work in process- closing		10,635,218	9,204,518
Total consumption		<u>866,746,314</u>	<u>860,774,694</u>
Add: Manufacturing overhead	18.03	145,678,748	136,199,922
Cost of production		<u>1,012,425,062</u>	<u>996,974,616</u>
Add: Finished goods - opening		85,412,598	4,099,847
		<u>1,097,837,660</u>	<u>1,001,074,463</u>
Less: Finished goods - closing		98,754,128	85,412,598
Change of finished goods stock		<u>999,083,532</u>	<u>915,661,865</u>
Less: Cost of free issue		342,879	451,268
Total cost of sales		<u>998,740,653</u>	<u>915,210,597</u>

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
18.01 Raw materials consumed-chemicals			
Opening Stock		198,616,971	180,913,527
Add: Purchase during the period		875,214,876	835,105,258
Raw materials available for production		1,073,831,847	1,016,018,785
Less: Closing Stock		251,524,187	198,616,971
Consumption during the period		<u>822,307,660</u>	<u>817,401,814</u>
18.02 Packaging materials consumed			
Opening Stock		7,845,123	6,584,275
Add: Purchase during the period		46,145,287	44,125,698
Consumable Item available for packing.		<u>53,990,410</u>	<u>50,709,973</u>
Less: Closing Stock		8,121,056	7,845,123
Consumption during the period		<u>45,869,354</u>	<u>42,864,850</u>
18.03 Manufacturing overhead			
Salaries and wages		20,352,187	19,452,187
Fuel, water and power		18,152,487	17,541,865
Printing and stationary		996,521	975,416
Conveyance expenses		865,234	716,521
Mobile bill		42,156	36,521
Store and spares consumed	6.05	25,541,096	25,645,060
Rent, rates and taxes		2,548,976	2,421,568
Medical expenses		952,631	716,859
Food and Tiffin		1,263,874	918,745
Labor charge		1,425,876	1,254,063
Repair and maintenance	18.03.1	2,918,206	2,946,804
Carrying Charge		542,187	315,489
Other overhead		2,052,148	2,421,895
Depreciation		68,025,169	60,836,929
		<u>145,678,748</u>	<u>136,199,922</u>
18.03.1 Repairs and maintenance			
Plant and Machinery		1,754,289	1,952,487
Buildings		745,163	652,130
Others		418,754	342,187
		<u>2,918,206</u>	<u>2,946,804</u>
19.00 Selling and distribution expenses			
Advertisement expenses		786,100	81,648
Salaries and wages		1,254,876	952,487
Transportation and handling expenses		2,745,879	2,485,473
Repairs and maintenance		410,256	350,124
Rent		94,215	92,540
Electricity, water and gas		697,528	66,287
Sales promotion expenses		608,745	588,097
Traveling expenses		456,328	423,652
Entertainment expenses		301,254	274,516
Miscellaneous expenses		27,154	32,659
Sample, test and analysis		301,254	256,287
Cost of free issue		342,879	451,268
Depreciation		247,865	221,673
		<u>8,274,333</u>	<u>6,276,711</u>

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
20.00 Administrative expenses			
Salaries and wages		917,458	805,346
Postage and telecommunication		45,218	39,524
Traveling, haulage and passage		489,754	432,476
Repair and maintenance		65,216	61,845
Electricity, fuel and water		305,217	279,560
Printing and stationery		106,325	95,426
Rent, rates and taxes		1,883,226	55,248
Subscription and donation		65,213	75,412
Entertainment		72,415	60,352
Legal and professional Charge		65,214	63,548
Audit fees		250,000	250,000
Other professional fees		500,000	-
Miscellaneous expenses		673,201	32,659
News paper and periodicals		3,258	3,108
AGM Expenses		321,054	-
IPO Expenses	20.01	-	35,034,419
Director remuneration		600,000	600,000
Board meeting attendance fees		52,000	48,000
Depreciation		578,352	517,237
		6,993,121	38,454,160
20.01 IPO (initial public offer) expenses			
Manager to the Issue Fees		-	2,000,000
BSEC application & Consent Fees		-	190,000
DSE & CSE application & Annual Fees		-	205,000
DSE & CSE listing Fees		-	2,930,947
Underwriting Commission		-	300,000
Bankers to the Issue Commission		-	8,447,385
CDBL Fees and Expenses		-	767,805
Printing, Publications, lottery & Distribution		-	1,193,282
Post Issue Management Fees		-	19,000,000
		-	35,034,419
21.00 Employee welfare expenses			
Student Stipend		332,058	326,531
Medical Fees		296,521	287,549
		628,579	614,080
22.00 Financial expenses			
Interest on Trust Receipt		181,524	452,487
Interest on Bai-Moazzel Commercial		-	205,689
		181,524	658,176
23.00 Other income			
Interest Income		4,492,722	44,420,614
Sale of wastage		421,587	310,256
		4,914,309	44,730,870

Particulars	Notes	Amount in Taka 30-06-2015	Amount in Taka 30-06-2014
24.00 Net Assets Value (NAV) per share			
Total Assets		1,974,456,995	1,719,513,642
Total Liability		45,687,406	89,205,183
A. Net Assets		1,928,769,589	1,630,308,459
B. Total Number of Share during the year		109,237,878	91,031,565
Net Assets Value (NAV) per share (A/B)		17.66	17.91
25.00 Basic earnings per share for the year:			
Earnings from Core Business			
a) Net Profit after Tax		293,546,821	236,980,315
b) Weighted average number of shares outstanding	25.01	109,237,878	81,694,579
Basic Earnings per share (EPS) from core business(a/b)		2.69	2.90
Earnings from Extra ordinary Income			
a) Extraordinary Income after Tax		4,914,309	44,730,870
b) Weighted average number of shares outstanding		109,237,878	81,694,579
Basic EPS from Extra ordinary Income (a/b)		0.04	0.55
Basic earnings per share		2.73	3.45

**25.01 Weighted average number of shares outstanding
For the year 2014**

Particulars	Number of Share	Weight	Weighted average no of Shares
Opening Shares	79,031,565	365/365.	79,031,565
IPO Shares	12,000,000	81/365.	2,663,014
Total	91,031,565		81,694,579

For the year 2015

Particulars	Number of Share	Weight	Weighted average no of Shares
Opening Shares	91,031,565	365/365.	91,031,565
Bonus Shares	18,206,313	365/365.	18,206,313
Total	109,237,878		109,237,878

26.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flow (Numerator)	14,463,687
b) No of Shares outstanding	109,237,878
Net operating cash flow per share (NOCFPS) (a/b)	0.13

27.00 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:

Name of related party	Relationship	Nature of transaction	Transaction value during the Year	Outstanding balance as at June 30, 2015
M.L. Dyeing Limited	Common Director	Sale of goods	145,396,876	75,396,876

28.00 Production and product mix

Production capacity per year 11,000,000 Kg and during the year company produces 8,403,845 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	1,852,140	22.04%
Scouring Agent	801,246	7.15%
Anti-Foaming Agent	703,204	8.37%
Levelling Agent	643,521	7.66%
Fixing Agent	705,136	8.39%
Stabilizer	1,197,526	14.25%
Retarding Agent	1,306,172	15.54%
Bleaching Agent	1,026,351	12.21%
Others	368,549	4.39%
Total	8,403,845	100.00%

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

Employee Position (as on June 30, 2015)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 5992	21	5	98	124
Above 5992	7	12	151	170
Total	28	17	249	294

29.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, 2014 to June 30, 2015

Board Meeting attendance Fees: Tk.52,000

Directors' are entitled Tk 2,000 as Board Meeting fee for attending each Board Meeting as per Articles of Association. The break down is as follows:

Name of Board of Directors	Designation	Meeting attending fees	Amount in Taka
Mr. Abid Mustafizur Rahman	Chairman	8,000	8,000
Mr. Kim Jung Suk	Managing Director	10,000	10,000
Mr. Rezaur Rahaman Rajaon	Director	8,000	8,000
Mr. Lee Jong Kook	Director	2,000	2,000
Mr. Akik Habibuzzaman	Independent Director	12,000	12,000
Mr. Faiaz Kader	Director	12,000	12,000
Total			52,000

30.00 Other commitments, contingencies and relevant information**30.01 Quantity wise schedule as required under Para 3, Schedule XI, Part II of the Companies Act, 1994**

Quantity wise schedules of sales relating to the financial statements for the year ended 30 June 2015 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

Particulars	01-07-2014 to 30-06-2015		01-07-2013 to 30-06-2014	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export Sales	8,355,698	1,308,365,030	7,652,106	1,198,194,039
Total	8,355,698	1,308,365,030	7,652,106	1,198,194,039

30.02 Capital expenditure commitment :

There was no capital expenditure commitment or contract at 30 June 2015. There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2015, other than expansion by IPO Fund.

30.03 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.

30.04 Foreign remittances :

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



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