

Annual Report

2016



www.farchemicalbd.com



FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212.

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.

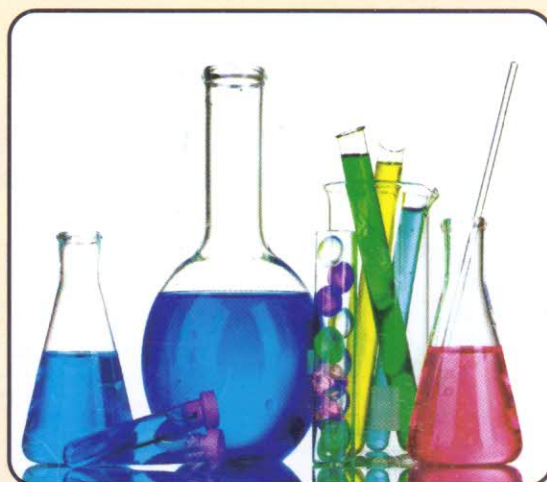
Be an employer of choice, with focus on nurturing talent and developing future leaders of the organization.

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 8th Annual General Meeting-2015

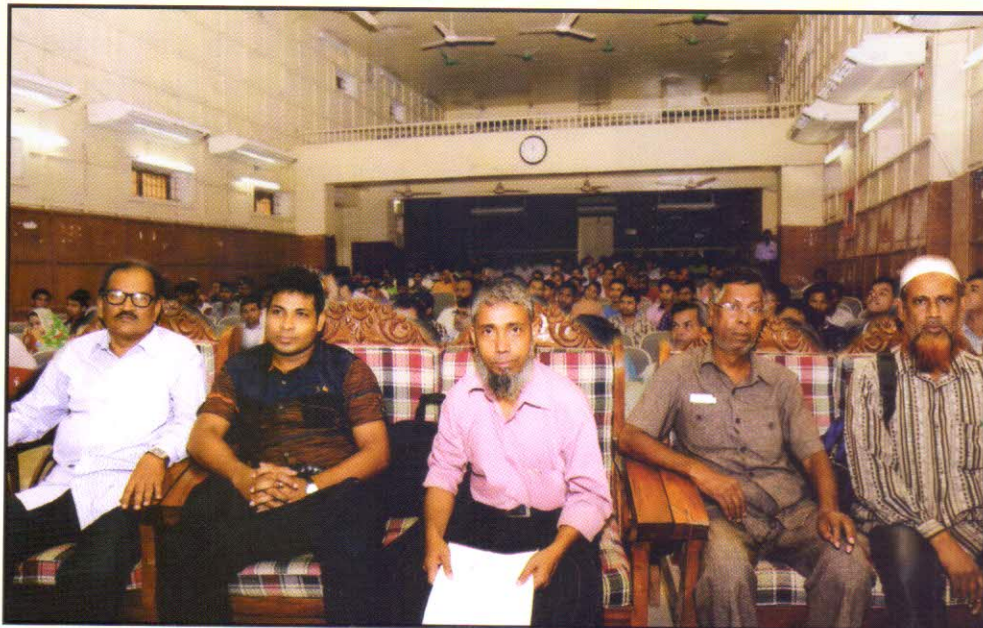


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TRANSMITTAL LETTER

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, 2016

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 2016, Statement of Comprehensive Income, Changes in Equity and Cash Flows for the year ended 30th June 2016 along with notes thereon for your reference and record.

Yours sincerely,

Sd/-
ABM Golam Mostafa, FCMA
Company Secretary

Notice of the 4th Extra Ordinary General Meeting

Notice is hereby given that the 4th Extra Ordinary General Meeting of the shareholders of FAR Chemical Industries Ltd. will be held on November 14, 2016 (Monday) 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 Authorized Share Capital of the Company

“ Resolved that Authorized Share Capital of the company be increased from Taka 300,00,00,000 (Taka Three Hundred Crore) divided into 30,00,00,000 (Thirty Crore) Ordinary Shares of Tk. 10 (Taka Ten) each to Taka 500,00,00,000 (Taka Five Hundred Crore) divided into 50,00,00,000 (Fifty 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. Right Issue **1R:1 (one Right share for every existing share held)** at a offering price of Tk. 15 each including premium Tk.5 for every share.
3. To transact any other business of the Company with the permission of the Chair.

Dhaka.

September 26, 2016

By order of the Board,

Sd/-

(ABM Golam Mostafa, FCMA)
Company Secretary

Notes:

- (a) Members whose name appeared on the Members/Depository Registers as on “Record Date” i.e. October 19, 2016 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 stamped at Tk. 20 must be deposited at the Company’s Share Office Located at House # 11 (Floor: 5-A), Road # 12, Block - F, Niketon, Gulshan-1, Dhaka-1212. not less 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 14, 2016.
- (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 .**

Notice of the Annual General Meeting

Notice is hereby given that the 9th Annual General Meeting of the shareholders of FAR Chemical Industries Ltd. will be held on November 14, 2016 (Monday) 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, 2016 together with reports of the Auditors and the Directors thereon.
2. To declare 5% Cash Dividend and 20% Stock Dividend as recommended by the Board of Directors.
3. To elect Directors.
4. To appoint Auditors for the year 30th June 2017 and to fix their remuneration.
5. To transact any other business of the Company with the permission of the Chair.

Dhaka.

September 26, 2016

By order of the Board,

Sd/-

(ABM Golam Mostafa, FCMA)
Company Secretary

Notes :

- (1) The Record Date of the Company shall be on 19 October, 2016.
- (2) The Shareholders whose name will appear in the Share Register of the Company or in the Depository on the record date i.e. 19 October, 2016, will be entitled to attend at the Annual General Meeting and to entitle the dividend.
- (3) A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Share Office at House # 11 (Floor: 5-A), Road # 12, Block - F, Niketon, Gulshan-1, Dhaka-1212, Bangladesh. 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.**

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 Secretary	: Mr. ABM Golam Mostafa, FCMA

SENIOR CORPORATE OFFICIALS

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

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

REGISTERED OFFICE & FACTORY

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

SHORT BIO-DATA OF DIRECTORS



Mr. Abid Mostafizur Rahman

Chairman

Mr. Abid Mostafizur Rahman MBA , aged 27, is the youngest Chairman of the company. He has traveled many countries including Japan, China, Hong Kong, India, Germany,UK and USA to obtain textile dying chemical industry details like its processing, marketing and administrative activities. He is well accepted to all in the company because of his friendly attitude and hard working nature. He engaged himself in various social activities.

Mr. Kim Jong Suk

Managing Director

Mr. Kim Jong Suk, aged 63, 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. Rejaur Rahman, aged 26 is Director of FAR Chemical Industries Ltd. After completion of MBA he joined in the company. By the course of time he has shown his personal skills, due leadership behavior, very profound business concept. He involved himself in many social activities. He visited Korea, India and German for gaining technical knowhow of dyeing industry and latest development of production technology.

Mr. Faiaz Kader Sadman

Director

Faiaz Kader Sadman, aged 23, 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 42, 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 any sponsors/shareholders of the Company.



MESSAGE FROM THE CHAIRMAN

Bismillahir Rahmnir Rahim,
Dear Shareholders,
Assalamu Alykum,

Good Morning. On behalf of myself and the Board of Directors, I welcome you all to this 9th 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 2016.

Performance Review:

In the year 2015-2016 turnover of your company has increased from Tk 1,308.37 million to Tk.1,492.74 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.

Acknowledgements:

The world economy is struggling hard to rehabilitate and revive financially. As you know, our revenue is generated from exporting, and due to the unbalanced global factors we faced difficulties in marketing our products on a regular basis. Despite of various limitations and interference your company had its successful year in 2015-2016. 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

DIRECTORS' REPORT

Bismillahir Rahmnrir 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 9th 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, 2016 before you for your consideration and approval.

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

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

The ongoing global economic crisis is having an impact on all export dependent economies. Even high performing countries like China and India have recorded slowdowns. Other high performing economies like those of Thailand, Philippines and Indonesia are also suffering badly because of the ongoing crisis.

In contrast, export of textile products from Bangladesh surprisingly remains quite buoyant. Readymade Garments exports have increased by significant percent, during the year 2015-2016 over the corresponding period of last year.

The industry has set a target of USD 45 billion exports by 2016, which would create an additional 1.30 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 30-06-2016		Year ended 30-06-2015	
	Taka	Percentage	Taka	Percentage
Softening Agent	471,548,769	32%	412,487,593	32%
Scouring Agent	160,521,548	11%	135,215,483	10%
Anti-Foaming Agent	109,215,433	7%	84,102,364	6%
Levelling Agent	138,451,260	9%	115,428,761	9%
Fixing Agent	101,254,012	7%	85,421,687	7%
Stabilizer	194,287,913	13%	165,214,873	13%
Retarding Agent	180,685,428	12%	178,632,048	14%
Bleaching Agent	50,352,105	3%	44,320,658	3%
Others	86,421,578	6%	87,541,563	7%
Total	1,492,738,046	100%	1,308,365,030	100%

(iii) Risks and concerns:

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

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

(a) Cost of Goods Sold:

This year's cost of goods sold was Tk. 1,130.04 million as compared to last year's cost of goods sold of Tk.998.74 million. This is due to the fact that there has been an increased of manufacturing overhead and average production quantity. This year's production was 16.52% higher than the last year. Production capacity utilized during the year was 89.02%. There was an increase in wages and salaries to the tune of Tk. 0.83 million as compared to last year.

(b)Gross Profit:

The company has achieved an export turnover of Tk. 1,492.74 million during the year ended 30th June, 2016. Last year's turnover was Tk. 1,308.37 million. The increase in turnover is 14.09% over the last year. Gross profit earned during the year was Tk.362.70 million as compared to last year's gross profit of Tk.309.62 million.

(C) Net Profit:

Net profit (after tax) earned during the year was Tk.344.51 million as compared to last year's Net profit (after tax) of Tk. 298.46 million. During the year net profit after tax has increased due to utilization of increased capacity.

(v) Extra-Ordinary gain or loss:

During the year there have accrued profit as interest from Short Term deposit made by the company.

(vi) Related party transactions:

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

Name of related party	Relationship	Nature of transaction	Transaction value during the year	Outstanding balance as on June 30, 2016
M.L Dyeing Ltd	Common Director	Sale of Goods	99,256,219	33,542,108

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

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

(viii) Remuneration to directors including independent directors:

The remunerations of Directors are as follows:

Name	Status	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	12,000	12,000
Mr. Kim Jong Suk	Managing Director	600,000	12,000	612,000
Mr. Rezaur Rahman Rajon	Director	-	10,000	10,000
Mr. Faiaz Kader Sadman	Director	-	14,000	14,000
Mr. Akik Habibuzzaman	Independent Director	-	14,000	14,000
Total		600,000	62,000	662,000

(ix) Statement of Directors on Financial Reports:

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

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

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

There are significant improvement from the last year's operating results. The growth in the business is very 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				
	30.06.2016	30.06.2015	30.06.2014	30.06.2013	30.06.2012
Turnover (Tk)	1,492,738,046	1,308,365,030	1,198,194,039	1,097,422,650	689,265,894
Gross Profit (Tk)	362,697,097	309,624,377	282,983,442	404,456,039	220,567,157
Operating Profit (Tk)	344,222,450	293,728,345	237,638,491	397,323,834	215,261,682
Net Profit before tax (Tk)	344,511,101	298,461,130	281,711,185	395,582,363	213,153,602
Net Profit after tax (Tk)	344,511,101	298,461,130	281,711,185	395,582,363	213,153,602
Basic EPS (Tk)	2.52	2.73	3.45	5.01	4.05
Dividend per share (%)	25%	25%	20%	50%	Nil

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

Financial Data:

Particulars	Year ended as on				
	30.06.2016	30.06.2015	30.06.2014	30.06.2013	30.06.2012
Authorized Capital (Tk)	3,000,000,000	1,310,000,000	1,310,000,000	1,010,000,000	1,010,000,000
Paid up Capital (Tk)	1,365,473,470	1,092,378,780	910,315,650	790,315,650	526,877,100
Face value per share (Tk)	10	10	10	10	10
Retained Earnings (Tk)	907,807,220	836,390,809	719,992,809	438,281,624	306,137,811
Current Assets (Tk)	1,125,987,198	1,113,378,741	918,381,573	605,954,364	449,690,120
Current Liabilities (Tk)	46,756,505	45,687,406	89,205,183	83,881,290	81,575,814
Current Ratio	24.08	24.37	10.30	7.22	5.51
Quick Ratio	15.58	16.17	6.88	4.79	2.95
Debt-Equity Ratio	N/A	N/A	N/A	N/A	N/A
Time Interest Earned Ratio	739.92	1,618.12	361.06	197.07	90.23
Return on Assets	28.89%	34.72%	35.23%	56.11%	46.00%
Return on Equity	15.15%	15.47%	17.28%	32.20%	25.59%
Earnings per share	2.52	2.73	3.45	5.01	4.05
Dividend Payout Ratio	99.21%	91.58%	57.97%	100%	Nil
Number of Shareholders	12,801	9,159	3,654	22	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 Rahman	Chairman	9	6
Mr. Kim Jong Suk	Managing Director	9	6
Mr. Rezaur Rahman Rajon	Director	9	5
Mr. Faiaz Kader Sadman	Director	9	7
Mr. Akik Habibuzzaman	Independent	9	7

The members who could not attend the meeting were granted leave and/or 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

- a) Senior Corporate Executives :
Number of shares held : Nil
- b) 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. Rezaur Rahman Rajon and Mr. Faiaz Kader Sadman will resign and be reappointed.

(xvi) Auditors:

Present Auditors AHMAD & AKHTAR, Chartered Accounts (Affiliated with Russell Bedford International, UK) will retire in the 9th AGM due to end of 3 years tenure. Shiraz Khan Basak & Co, Chartered Accounts being eligible to audit for the year ended 30th June 2017 as per order of Bangladesh Securities and Exchange Commission (BSEC) No SEC/CMRRCD/2009-193/174/Admin dated July 08, 2015 they have conveyed their willingness to accept for appointment.

(xvii) Corporate Governance Compliance Report:

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

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

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

(xviii) Company's Expansion Program:

It's a great pleasure to inform all valued shareholders and other concern individuals that your company has decided to set up a textile industry at Rupgonj, Narayangonj. In this regard the company has already purchased 162.38 decimal of land for its factory at Rupgonj, Narayangonj.

On behalf of the Board



Abid Mustafizur Rahman
Chairman

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

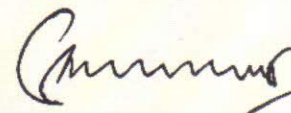
(As required under the BSEC Guidelines)

We have examined compliance to the BSEC guidelines on Corporate Governance by FAR Chemical Industries Limited for the year ended 30th June 2016, 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.

Dhaka, September 20, 2016



Mujibur Rahman & Co.
Cost & Management 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.	✓		
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 to explain
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.	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
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	✓		
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.	✓		No such matter to explain
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;	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
1.5 (xxi) d)	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	✓		
• (xxii) a)	In case of the appointment/re-appointment of a director of the company shall disclose the following information to the shareholders: a brief resume of the director	✓		
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.	✓		
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.	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
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.	✓		
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	✓		

Condition No.	Title	Compliance Status Put ✓ in the appropriate		Remarks
		Complied	Not Complied	
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.	✓		
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 24, 2016

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, 2016.

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.

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

Report on the Financial Statements

We have audited the accompanying financial statements of **FAR Chemical Industries Limited** which comprises the Statement of Financial Position as at 30 June 2016 and Statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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 design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion


In our opinion, the financial statements give a true and fair view of the financial position of FAR Chemical Industries Limited as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs).

Report on Other Legal and Regulatory Requirements

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

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

Date: 03 October 2016
Place: Dhaka


AHMAD & AKHTAR
Chartered Accountants

FAR Chemical Industries Limited
Statement of Financial Position
As at June 30, 2016

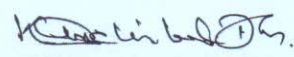
Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
Assets			
Non-current assets		1,194,049,997	861,078,254
Property, plant & equipment	4.00	1,192,501,526	859,529,783
Security deposit	5.00	1,548,471	1,548,471
Current assets		1,125,987,198	1,113,378,741
Inventories	6.00	397,370,281	374,399,878
Trade receivables	7.00	599,010,464	644,292,072
Advances, deposits and prepayments	8.00	51,263,934	51,710,861
STD Account (IPO)	9.00	2,980,000	3,035,000
Cash and cash equivalents	10.00	75,362,519	39,940,930
Total Assets		2,320,037,195	1,974,456,995
Shareholder Equity and Liabilities			
Shareholders' equity		2,273,280,690	1,928,769,589
Share capital	11.00	1,365,473,470	1,092,378,780
Retained earnings	12.00	907,807,220	836,390,809
Current Liabilities		46,756,505	45,687,406
Trade payables	13.00	34,150,610	31,937,074
Short term borrowings	14.00	2,125,487	4,521,876
Share Money Deposits (IPO)	15.00	2,980,000	3,035,000
Creditors and accruals	16.00	7,500,408	6,193,456
Total Shareholder Equity and Liabilities		2,320,037,195	1,974,456,995
Net Assets Value (NAV) per share	25.00	16.65	17.66
Net Assets Value (NAV) per share (Restated)	25.00	16.65	14.13

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

 Chairman	 Managing Director	 Company Secretary	 Chief Financial Officer
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As per our annexed report of even date

Dated: October 03, 2016
Place: Dhaka


AHMAD & AKHTAR
Chartered Accountants

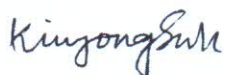
FAR Chemical Industries Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2016

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
Revenue	17.00	1,492,738,046	1,308,365,030
Less: Cost of sales	18.00	1,130,040,949	998,740,653
Gross profit		362,697,097	309,624,377
Less: Operating expenses			
Selling and distribution expenses	19.00	8,448,149	8,274,333
Administrative expenses	20.00	9,337,407	6,993,120
Employee Welfare expenses	21.00	689,091	628,579
		18,474,647	15,896,032
Profit from operation		344,222,450	293,728,345
Less: Financial expenses	22.00	465,214	181,524
		343,757,236	293,546,821
Add: Other income	23.00	753,865	4,914,309
Profit before tax		344,511,101	298,461,130
Less: Income tax expenses		-	-
Profit after tax		344,511,101	298,461,130
Basic Earnings Per Share (EPS)	24.00	2.52	2.73
Basic Earnings Per Share (Restated)	24.00	2.52	2.19

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



Chairman



Managing Director




Company Secretary



Chief Financial Officer

As per our annexed report of even date

Dated: October 03, 2016
Place: Dhaka



AHMAD & AKHTAR
Chartered Accountants

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

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

FAR Chemical Industries Limited
Statement of Changes in Equity
 For the year ended 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
Bonus Issue	182,063,130	(182,063,130)	-
Profit during the year	-	298,461,130	298,461,130
Balance at 30 June 2015	1,092,378,780	836,390,809	1,928,769,589



Chairman



Managing Director




Company Secretary



Chief Financial Officer

As per our annexed report of even date

Dated: October 03, 2016
 Place: Dhaka


AHMAD & AKHTAR
 Chartered Accountants

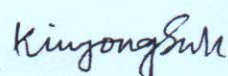
FAR Chemical Industries Limited
Statement of Cash Flows
For the year ended June 30, 2016

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
A. Cash flows from operating activities:			
Receipt from customers		1,538,019,654	1,070,174,954
Receipt from other income		753,865	4,914,309
Payment for cost of expenses		(1,078,428,285)	(1,033,508,695)
Payment for operating expenses		(16,294,141)	(27,116,882)
Payment of financial expenses on short term loan		(465,214)	-
Net cash from operating activities		443,585,879	14,463,686
B. Cash flows from investing activities:			
Acquisition of property, plant and equipment		(405,767,901)	(128,797,569)
Increase in STD Account		-	152,951,104
Net cash used in investing activities		(405,767,901)	24,153,535
C. Cash flows from financing activities:			
Receipt/(Payment) against short term loan		(2,396,389)	(4,020,281)
Increase in Share Money Deposit		-	(3,247,239)
Payment of financial expenses		-	(181,524)
Net Cash used in financing activities		(2,396,389)	(7,449,044)
D. Net increase in cash and cash equivalents (A+B+C)		35,421,589	31,168,177
E. Opening cash and cash equivalents		39,940,930	8,772,753
F. Closing cash and cash equivalents (D+E)		75,362,519	39,940,930
Net Operating Cash Flow Per Share (NOCFPS)	26.00	3.25	0.13
Net Operating Cash Flow Per Share (Restated)	26.00	3.25	0.11

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



Chairman



Managing Director



Company Secretary



Chief Financial Officer

Dated: October 03, 2016

Place: Dhaka



AHMAD & AKHTAR
Chartered Accountants

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

For the year ended June 30, 2016

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. Corporate office of the company is located at M.L Tower, DIT Road, 1 East Rampura, Dhaka-1219. Its registered office and the factory are situated at Plot # 135-136 in Comilla Export Processing Zone, Comilla, Bangladesh. The company started its commercial operation on 08 January, 2009. 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 Chemical products to different export oriented Textiles, Dyeing and Apparel industries. Some of the Principal products and services are:

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

1.03 Capital Structure of the Company

Particulars	Taka
Authorized Capital 300,000,000 ordinary shares of Taka 10/= each.	3,000,000,000
Issued, subscribed, called-up and paid-up capital 136,547,347 Ordinary Shares of Tk 10/= each fully paid-up	1,365,473,470

2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

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

2.02 Regulatory Compliances

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

The Income Tax Ordinance 1984;
The Income Tax Rules 1984;
The Value Added Tax Act 1991; and
The Value Added Tax Rules 1991.

2.03 Measurement Bases used in Preparing the Financial Statements

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

2.04 Reporting Currency and Level of Precision

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

2.05 Preparation and Presentation of Financial Statements of the Company

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

2.06 Use of Estimates and Judgments

The preparation of these financial statements in conformity with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Note: 4 Property, Plant and Equipment
Note: 6 Inventories
Note: 7 Trade Receivables
Note: 8 Advance, Deposit and Pre-payments
Note: 13 Trade Payable

2.07 Reporting Period

The financial period of the companies covers one year from 1 July 2015 to 30 June 2016 and is followed consistently.

2.08 Statement of Cash Flows

Statement of cash flows is prepared in accordance with "BAS 7: Statement of Cash Flows" 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 3.18.
- 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 as applicable:

Sl. No.	Name of the BAS	BAS's no.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Statements of Cash Flows	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	Property, Plant and Equipment	16
9	Leases	17
10	Revenue	18
11	Employees Benefits	19
12	Accounting for Government Grants & Disclosure of Government Assistance	20
13	The Effects of Changes in Foreign Exchange Rates	21
14	Borrowing Costs	23
15	Related Party Disclosures	24
16	Accounting and Reporting by Retirement Benefit Plans	26
17	Consolidated and Separate Financial Statements	27
18	Investment in Associates and Joint Ventures	28
19	Financial Reporting in Hyperinflationary Economics	29
20	Financial Instruments: Presentation	32
21	Earnings Per Share	33
22	Interim Financial Reporting	34
23	Impairment of Assets	36
24	Provision, Contingent Liabilities and Contingent Assets	37
25	Intangible Assets	38
26	Financial Instruments: Recognition & Measurement	39
27	Investment Property	40
28	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

3.01 Property, Plant & Equipment

3.1.1 Recognition and Measurement

Tangible fixed assets are accounted for according to “BAS 16: Property, Plant and Equipment”, Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any attributable 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 has been charged on additions during the year of available for utilization of Property, Plant & machinery.

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

<u>Category</u>	<u>Rate</u>
Leasehold Land Development	3.33%
Land and Land Development	0%
Factory Buildings	2.50%
Plant and Machinery	10%
Electrical Installation	10%
Compressor	10%
Forklift	10%
Water Line Installation	10%
Office Equipment	20%

3.1.3 Disposal of fixed assets

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the statement of comprehensive income. There was no disposal of asset during the year.

3.02 Components of the Financial Statements

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

- i. statement of financial position as at June 30, 2016;
- ii. statement of profit or loss & other comprehensive income for the year ended June 30, 2016;
- iii. statement of changes in equity for the year ended June 30, 2016;
- iv. statement of cash flows for the year ended June 30, 2016; and
- v. notes, comprising a summary of significant accounting policies and other explanatory information for the year ended June 30, 2016.

3.03 Inventories

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

3.04 Revenue

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

3.05 Foreign Currency Transaction/Translation

Foreign currency transactions are translated into Bangladeshi Taka at the exchange rates ruling at the transaction dates according to “BAS 21: The effect of changes in Foreign Exchange Rates”. Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing rates on the balance sheet (financial position) date. Non monetary assets and liabilities denominated in foreign currencies, which are related at historical cost, are translated into Bangladesh Taka at the exchange date ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to Statement of profit or loss & other comprehensive income for the respective period.

3.06 Financial Expenses

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

3.07 Financial Instruments

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

Trade Receivables

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

Trade Payables

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

Cash and Cash Equivalents

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

Share Capital

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

3.08 Taxation**3.8.1 Current Tax**

No provision is made for income tax since the Company is situated in Export Processing Zone, Comilla and as per Income Tax Ordinance 1984 vide IRD SRO No. 289-Law/89, dated 19 August 1989, all industries operated in the Bangladesh Export Processing Zone (BEPZ) have been exempted from payment of income tax for a period of 10 years from the date of commercial operation on 08 January 2009.

3.8.2 Deferred Tax

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

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

3.09 Provisions

As per "BAS 37: Provisions, Contingent Liabilities and Contingent Assets, a provision recognized on the date of statement of financial position if, as a result of past event Company has a present obligation that can be estimated reliably, and it is probable outflow of economic benefits will be required to settle the obligation.

3.10 Contingencies

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

3.11 Earnings Per Share (EPS)

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

Basic Earnings

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

Diluted Earnings Per Share (DEPS)

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

3.12 Segment Reporting

No segmental reporting is applicable for the company as required by “BFRS-8: Operating Segment” as the company operates in a single industry segment and within as geographical segment.

3.13 Event after Statement of Financial Position Date

In compliance with the requirements of “BAS-10: Event after the reporting period” that provide additional information about the company’s position at the date of the financial position are reflected in the financial statements and events after the reporting period that are not adjusting events are disclosed in the notes (29.00) when materials.

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

3.14 Worker’s Profit Participation & Welfare Funds.

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

3.15 Related Party Disclosure

The company carried out a number of transactions with related parties in the normal course of business and on arms’ length basis. The information as required by ‘BAS 24: Related Party Disclosures’ has been disclosed in a separate note (note no: 27) to the accounts.

3.16 Financial Risk Management Policies

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

Interest Rate Risk

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

Foreign Currency Risk

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

Credit Risk

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

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

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

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

Due from customer other than related parties:	
Gross trade and other receivable	Tk. 599,010,464.00
Less: Related Parties	Tk. 33,542,108.00
Net from customer	<u>Tk. 565,468,356.00</u>

Out of the total trade debts of Tk. 599,010,464.00 the company has not made any provision . The aging profile to the trade debts overdue is as follows:

Time duration	Gross Amount	Impairment
Upto 6 months	599,010,464.00	-
Over 6 months	-	-
Total	599,010,464.00	-

Liquidity Risk

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

Financial Liability	Carrying Amount	On Demand	Contractual Cash flows	Upto One year	More than one year
Trade payable	34,150,610	-	34,150,610	34,150,610	-
Short term borrowing	2,125,487	-	2,125,487	2,125,487	-
Total	36,276,097	-	36,276,097	36,276,097	-

Fair Values

The fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction. Consequently, difference may arise between the carrying value and the fair value estimates. As at June 2016 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.

3.17 Date of Authorization

These financial statements were authorized for issue on 25 September, 2016 by the board of the Directors of the company.

3.18 General

- i) Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.
- ii) Figures for the years 2015 have been rearranged wherever considered necessary to ensure comparability with the current year.

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
4.00 Property, plant & equipment			
At cost			
Opening balance		1,202,001,352	1,073,203,783
Addition during the year		405,767,901	128,797,569
		1,607,769,253	1,202,001,352
Accumulated depreciation			
Opening balance		342,471,569	273,620,184
Charged during the year		72,796,158	68,851,385
		415,267,727	342,471,569
Written down value as on June 30		1,192,501,526	859,529,783
The details of the above is given in Annexure-A			
Note: Addition of Land & Land development includes:			
Deed Value of Land(113.76 decimal of land purchased out of 200 decimal)		17,568,000	4,115,000
Registration & Other cost		2,324,990	576,100
Land development cost		219,622,258	463,776
		239,515,248	5,154,876
Description of land: Registered deed agreement numbers are 5245, 8011,11154, 1144, 1242 and 4865.			
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	266,854,126	251,524,187
Work-in-process	6.02	10,875,193	10,635,218
Packaging materials	6.03	6,021,548	8,121,056
Finished goods	6.04	109,254,125	98,754,128
Store items	6.05	4,365,289	5,365,289
		397,370,281	374,399,878
6.01 Raw materials			
Opening stock		251,524,187	198,616,971
Add: Purchase during the year		1,016,117,904	875,214,876
Raw materials available for production		1,267,642,091	1,073,831,847
Less: Input to production		1,000,787,965	822,307,660
		266,854,126	251,524,187
6.02 Work-in-process			
Opening work-in-process		10,635,218	9,204,518
Add: Current year		1,050,848,496	868,177,014
		1,061,483,714	877,381,532
Less: Transfer to finished goods		1,050,608,521	866,746,314
		10,875,193	10,635,218
6.03 Packaging materials			
Opening stock		8,121,056	7,845,123
Add: Purchase during the year		47,961,023	46,145,287
		56,082,079	53,990,410
Less: Consumption during the year		50,060,531	45,869,354
		6,021,548	8,121,056

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
6.04 Finished goods			
Opening stock		98,754,128	85,412,598
Add: Production during the year		1,140,952,902	1,012,425,062
Less: Cost of free issue		(411,956)	(342,879)
Production available for export		<u>1,239,295,074</u>	<u>1,097,494,781</u>
Less: Cost of goods sold		1,130,040,949	998,740,653
		<u>109,254,125</u>	<u>98,754,128</u>
6.05 Store items			
Opening stock		5,365,289	3,254,187
Add: Purchase during the year		26,412,051	27,652,198
		<u>31,777,340</u>	<u>30,906,385</u>
Less: Consumption during the year		27,412,051	25,541,096
		<u>4,365,289</u>	<u>5,365,289</u>
7.00 Trade receivables			
Export Bill Receivables (Note-7.01)		599,010,464	644,292,072
		<u>599,010,464</u>	<u>644,292,072</u>
7.01 Export bills receivables			
M.L Dyeing limited		33,542,108	75,396,876
Asif Fabrics Ltd		31,054,218	18,542,968
Shovon Dyeing Ltd		20,635,210	16,325,417
D.S Fashion Ltd		15,428,763	4,521,963
Javed Apparels Ltd		35,210,421	26,032,153
Knit zone Ltd		28,541,270	21,541,287
Liz Fashion Ind. Ltd		15,428,796	9,652,343
Radial International Ltd		20,845,721	22,104,256
Advance Tex Ltd		22,742,792	48,745,693
Rita Fabrics Ltd		12,148,796	35,210,356
Glare Knitting Ltd		6,352,105	18,754,126
Sea Blue Textile Ltd		30,015,478	33,255,487
Paragon Composite Ltd		33,210,457	31,281,908
Trust Knitwear Ltd		12,156,863	5,421,870
Knit Fabrics Ltd		35,541,240	15,632,416
Interstoff apparels Ltd		11,254,879	5,218,756
Southeast Fabrics Ltd		4,521,698	52,154,836
Matrix Textiles Ltd		8,542,187	9,652,103
S.M Knitwears Ltd		22,154,786	6,521,547
Stress Dress Ltd		23,201,535	35,231,474
Eon Knit Apparels Ltd		31,450,255	5,203,165
Dird Composite Tex. Ltd.		36,040,708	37,891,814
Sabah Knitting Ltd		25,841,248	16,523,154
Sardar Textiles Ltd		21,054,835	21,275,705
Base Knitting Ltd		21,023,569	23,521,026
Trams Apparels Ltd		10,192,587	9,856,263
Abdul Hai Knit Wears		7,356,897	3,410,145
Life Knitting Ltd		23,521,042	35,412,965
		<u>599,010,464</u>	<u>644,292,072</u>
Receivables due over six months		-	-
Receivables due below six months		599,010,464	644,292,072
		<u>599,010,464</u>	<u>644,292,072</u>

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
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This is considered as fully secured and guaranteed payment by export letter of credit opening bank against export order and is considered good & realizable within one year as per the terms of export letter of credit. The classification of receivables as required by the Schedule XI of the Companies Act, 1994 are given below:

Particulars	30-06-2016	30-06-2015
i. Receivables considered good in respect of which the company is fully secured	599,010,464	644,292,072
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	-	-
iii. Receivables considered doubtful or bad	-	-
iv. Receivables due by directors or other officers & staffs	-	-
v. Receivables due from companies under same management	33,542,108	75,396,876
vi. The maximum amount of receivable due by any director or other officer of the company	-	-

7.02 Movement of Trade Receivable

Opening Balance	644,292,072	406,101,996
Add: Export/ Credit Sales during the year	1,492,738,046	1,308,365,030
Less: Realized during the year	1,538,019,654	1,070,174,954
	599,010,464	644,292,072

8.00 Advances, deposits and prepayments

Sundry Advances	8.01	49,112,221	36,498,866
Advance Salary		1,451,000	1,120,000
M/S. Abul Khair Steel		142,102	1,254,871
Advance Income Tax (AIT)		33,741	7,204,576
M/S. Sattar Enterprise		524,870	5,632,548
		51,263,934	51,710,861

8.01 Sundry Advances

Mr. MA Bari	8,542,187	750,000
Mr. Uttam Kumar	6,487,607	875,416
M/S. Gazi Enterprise	5,217,921	421,587
M/S. Omer Electrical Engineering Works	365,210	4,215,487
Md. Abul Khair Manik	19,641,258	1,854,217
M/S. United Trade Center Ltd.	985,421	4,000,067
M/S. Bangla Trac Ltd.	752,169	8,813,521
M/S. L/N Enterprise	345,287	7,842,150
M/S. Creative Design and Development	2,352,198	1,254,187
M/S. Tropical Vertical Mover	2,057,665	1,820,128
M/S. Denmark Refrigeration Workes	2,365,298	4,652,106
	49,112,221	36,498,866

8.02 Movement of Advances, deposits and prepayments

Opening Balance	51,710,861	43,187,323
Add: Addition during the year	60,677,620	45,047,769
Less: Adjustment during the year	61,124,547	36,524,231
	51,263,934	51,710,861

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
9.00 STD Account			
STD Accounts (BRAC Bank)		2,980,000	3,035,000
		2,980,000	3,035,000
10.00 Cash and Cash equivalent			
Cash in hand - Head Office		4,521,048	4,721,054
Cash in hand - Factory		3,542,105	3,941,876
Cash at bank:			
Al-Arafah Islami Bank Ltd		1,183,161	18,925
Social Islami Bank Limited		33,968,561	31,252,672
Social Islami Bank Limited		32,131,978	-
Bank Asia Limited		15,666	6,403
		75,362,519	39,940,930
11.00 Share capital:			
11.01 Authorized share capital :			
300,000,000 ordinary shares of Taka 10/= each.		3,000,000,000	1,310,000,000
11.02 Issued, subscribed and paid-up capital:			
136,547,347 Ordinary Shares of Tk. 10/- each fully paid-up.		1,365,473,470	1,092,378,780

The shareholding position of the company are as under:

Name	No of shares	Percentages (%)	Amount in Taka
Abid Mustafizur Rahman	5,025,000	3.68%	50,250,000
Faiaz Kader	10,416,615	7.63%	104,166,150
Kim Jong Suk	22,005,000	16.12%	220,050,000
Rezaur Rahman Rajon	5,225,000	3.83%	52,250,000
Other Shareholder	28,359,542	20.77%	283,595,420
General Shareholder (IPO)	65,516,190	47.98%	655,161,900
Total	136,547,347	100.00%	1,365,473,470

11.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2016.

Ranges of Shareholdings	No. of Holder	% of holding
Less than or equal to 500 Shares	3,042	0.55%
501 to 1,000 Shares	1,948	1.16%
1,001 to 5,000 Shares	2,817	5.25%
5,001 to 10,000 Shares	736	4.02%
10,001 to 20,000 Shares	410	4.31%
20,001 to 30,000 Shares	141	2.60%
30,001 to 40,000 Shares	58	1.49%
40,001 to 50,000 Shares	42	1.42%
50,001 to 100,000 Shares	83	4.55%
100,001 to 1,000,000 Shares	56	11.34%
Over 1,000,000 Shares	19	63.31%
Total	9,352	100.0%

12.00 Retained earnings

Opening balance	836,390,809	719,992,809
Less: Stock Dividend	273,094,690	182,063,130
	563,296,119	537,929,679
Add: Profit during the year	344,511,101	298,461,130
	907,807,220	836,390,809

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
13.00 Trade Payable			
Suzhon Dashan IOE		-	12,548,766
CJTECH Co Ltd		11,154,287	5,214,873
SFC Co Ltd		11,685,420	-
SBC Co Ltd		11,310,903	8,541,278
OCI Corporation		-	5,632,157
		34,150,610	31,937,074
13.01 Movement of Trade Payable			
Opening Balance		31,937,074	56,140,265
Add: Import/Purchases during the year		1,064,078,927	875,214,876
Less: Payment made during the year		1,061,865,391	899,418,067
		34,150,610	31,937,074
14.00 Short term borrowings			
Trust Receipt (Note-14.01)		2,125,487	4,521,876
		2,125,487	4,521,876
14.01	Al-Arafah Islami Bank Limited sanctioned a composite working capital limit for Tk 17.00 crore to make stock of raw materials, work-in-process and finished goods in the form of:		
	a) L/C limit for Tk 15.00 crore		
	b) Trust receipt (TR) for Tk 2.00 crore and		
	Terms and Conditions :		
	a) Rate of profit 11.50% per annum		
	b) Validity upto 22.04.2017 and can be renewable yearly.		
15.00 Share Money Deposits (IPO)			
Share Money Deposits		2,980,000	3,035,000
		2,980,000	3,035,000
16.00 Creditors and accruals			
Electricity bill		95,612	96,521
Water bill		816,521	754,186
Medical subscription-BEPZA		23,514	22,548
Salaries and wages		2,045,879	1,975,412
Director remuneration and fees		100,000	100,000
Sundry creditors (Note-16.01)		644,997	2,102,801
M/s Jubair Construction		452,157	365,218
Audit and professional fees		250,000	250,000
M/s Alhaj Supply & Transport		2,651,874	174,583
M/s Khan Associates		419,854	352,187
		7,500,408	6,193,456
16.01 Sundry creditors			
M/s Power Puls Engineering		85,418	-
M/s Zahid Enterprise		63,521	975,418
M/s New China Thai Aluminium Ltd.		-	521,042
M/s Rainbow Printers		353,901	352,154
M/s Transformer & Electric Mfg Co Ltd.		142,157	254,187
		644,997	2,102,801

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
17.00 Revenue			
Softening Agent		471,548,769	412,487,593
Scouring Agent		160,521,548	135,215,483
Anti-Foaming Agent		109,215,433	84,102,364
Levelling Agent		138,451,260	115,428,761
Fixing Agent		101,254,012	85,421,687
Stabilizer		194,287,913	165,214,873
Retarding Agent		180,685,428	178,632,048
Bleaching Agent		50,352,105	44,320,658
Others		86,421,578	87,541,563
		1,492,738,046	1,308,365,030
18.00 Cost of sales			
Raw materials consumed-Chemicals (Note-18.01)		1,000,787,965	822,307,660
Packaging materials consumed (Note-18.02)		50,060,531	45,869,354
		1,050,848,496	868,177,014
Add: Work in process- opening		10,635,218	9,204,518
		1,061,483,714	877,381,532
Less: Work in process- closing		10,875,193	10,635,218
Total consumption		1,050,608,521	866,746,314
Add: Manufacturing overhead (Note-18.03)		90,344,381	145,678,748
Cost of production		1,140,952,902	1,012,425,062
Add: Finished goods - opening		98,754,128	85,412,598
		1,239,707,030	1,097,837,660
Less: Finished goods - closing		109,254,125	98,754,128
Change of finished goods stock		1,130,452,905	999,083,532
Less: Cost of free issue		411,956	342,879
		1,130,040,949	998,740,653
18.01 Raw materials consumed-chemicals			
Opening Stock		251,524,187	198,616,971
Add: Purchase during the period		1,016,117,904	875,214,876
Raw materials available for production		1,267,642,091	1,073,831,847
Less: Closing Stock		266,854,126	251,524,187
Consumption during the period		1,000,787,965	822,307,660
18.02 Packaging materials consumed			
Opening Stock		8,121,056	7,845,123
Add: Purchase during the period		47,961,023	46,145,287
Consumable Item available for packing.		56,082,079	53,990,410
Less: Closing Stock		6,021,548	8,121,056
Consumption during the period		50,060,531	45,869,354

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
18.03 Manufacturing overhead			
Salaries and wages		21,185,421	20,352,187
Fuel, water and power		22,974,516	18,152,487
Printing and stationary		892,105	996,521
Conveyance expenses		902,451	865,234
Mobile bill		41,256	42,156
Store and spares consumed (Note-6.05)		27,412,051	25,541,096
Rent, rates and taxes		6,985,415	2,548,976
Medical expenses		841,256	952,631
Food and Tiffin		1,421,689	1,263,874
Labor charge		1,506,521	1,425,876
Repair and maintenance (Note-18.3.1)		3,692,263	2,918,206
Carrying Charge		635,219	542,187
Other overhead		1,854,218	2,052,148
Depreciation (Annexure-A)		71,922,604	68,025,169
		90,344,381	145,678,748
18.3.1 Repairs and maintenance			
Plant and Machinery		2,154,287	1,754,289
Buildings		1,025,489	745,163
Others		512,487	418,754
		3,692,263	2,918,206
19.00 Selling and distribution expenses			
Advertisement expenses		254,689	786,100
Salaries and wages		1,552,187	1,254,876
Transportation and handling expenses		3,152,498	2,745,879
Repairs and maintenance		345,217	410,256
Rent		95,248	94,215
Electricity, water and gas		719,543	697,528
Sales promotion expenses		645,124	608,745
Traveling expenses		516,523	456,328
Entertainment expenses		251,026	301,254
Miscellaneous expenses		31,526	27,154
Sample, test and analysis		210,546	301,254
Cost of free issue		411,956	342,879
Depreciation (Annexure-A)		262,066	247,865
		8,448,149	8,274,333

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
20.00 Administrative expenses			
Salaries and wages		1,052,648	917,458
Postage and telecommunication		51,248	45,218
Traveling, haulage and passage		518,754	489,754
Repair and maintenance		71,542	65,216
Electricity, fuel and water		396,452	305,217
Printing and stationery		126,524	106,325
Rent, rates and taxes		5,009,705	1,883,226
Subscription and donation		71,526	65,212
Entertainment		65,034	72,415
Legal and professional Charge		63,521	65,214
Other Professional fees		-	500,000
Audit and professional fees		250,000	250,000
Miscellaneous expenses		41,258	673,201
News paper and periodicals		3,549	3,258
AGM Expenses		342,158	321,054
Director remuneration		600,000	600,000
Board meeting attendance fees		62,000	52,000
Depreciation (Annexure-A)		611,488	578,352
		9,337,407	6,993,120
21.00 Employee welfare expenses		689,091	628,579
		689,091	628,579
22.00 Financial expenses			
Interest on Trust Receipt		465,214	181,524
		465,214	181,524
23.00 Other income			
Interest Income		334,741	4,492,722
Sale of wastage		419,124	421,587
		753,865	4,914,309
24.00 Basic earnings per share for the year:			
Earnings from Core Business			
a) Net Profit after Tax excluding Extraordinary Income		343,757,236	293,546,821
b) Weighted average number of shares outstanding (Note-24.01)		136,547,347	109,237,878
Basic Earnings per share (EPS) from core business(a/b)		2.52	2.69
Earnings from Extraordinary Income			
a) Extraordinary Income		753,865	4,914,309
b) Weighted average number of shares outstanding		136,547,347	109,237,878
Basic Earnings per share from from Extraordinary Income (a/b)		0.0055	0.04
Basic earnings per share		2.52	2.73
Basic earnings per share (Restated)		-	2.19

Particulars	Notes	Amount in Taka 30-06-2016	Amount in Taka 30-06-2015
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24.01 Weighted average number of shares outstanding

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

For the year 2016

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

25.00 Net Assets Value (NAV) per share

Total Assets	2,320,037,195	1,974,456,995
Less: Total outside liability	46,756,505	45,687,406
a. Net Asset Value	2,273,280,690	1,928,769,589
b. Total number of shares outstanding	136,547,347	109,237,878
Net Assets Value (NAV) per share (a/b)	16.65	17.66
Net Assets Value (NAV) per share (Restated)	-	14.13

26.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flow (Numerator)	443,585,879	14,463,686
b) No of Shares outstanding	136,547,347	109,237,878
Net operating cash flow per share (NOCFPS) (a/b)	3.25	0.13
Net operating cash flow per share (Restated)	-	0.11

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- Related Party Disclosures:

Name of related party	Nature of transaction	Transaction value during the Year	Outstanding balance as at June 30, 2016
M.L. Dyeing Limited	Sale of goods	99,256,219	33,542,108
Total		99,256,219	33,542,108

28.00 Production and product mix

Production capacity per year 11,000,000 Kg and during the year company produces 9,791,874 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	2,015,427	20.58%
Scouring Agent	654,213	6.68%
Anti-Foaming Agent	765,218	7.81%
Levelling Agent	703,521	7.18%
Fixing Agent	763,521	7.80%
Stabilizer	1,394,516	14.24%
Retarding Agent	1,501,687	15.34%
Bleaching Agent	1,284,576	13.12%
Others	709,195	7.24%
Total	9,791,874	100.00%

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

Employee Position (as on June 30, 2016)

Salary Range	Officer & Staff	Worker	Total Employee
	Head Office		
Below 5992	5	74	99
Above 5992	12	181	200
Total	17	255	299

28.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, 2015 to June 30, 2016

Remuneration & Board Meeting attendance Fees: Tk. 662,000

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

Name of Board of Directors	Designation	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	12,000	12,000
Mr. Kim Jong Suk	Managing Director	600,000	12,000	612,000
Mr. Rezaur Rahman Rajon	Director	-	10,000	10,000
Mr. Akik Habibuzzaman	Independent Director	-	14,000	14,000
Mr. Faiaz Kader	Director	-	14,000	14,000
Total		600,000	62,000	662,000

29.00 Events after reporting period (BAS-10)

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

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, raw material consumed and opening and closing stock of finished goods relating to the financial statements for the year ended 30 June, 2016 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

Particulars	01-07-2015 to 30-06-2016		01-07-2014 to 30-06-2015	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export Sales	9,750,674	1,492,738,046	8,355,698	1,308,365,030
Total	9,750,674	1,492,738,046	8,355,698	1,308,365,030

30.02 Capital expenditure commitment :

The company has procured land area 113.74 decimal for its second unit at Rupganj, Narayanganj. Land development work is going on to set up second unit.

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.

FAR Chemical Industries Limited
Schedule of Property, Plant and Equipment
For the year ended June 30, 2016

Annexure-A

Particulars	Cost			Rate of depreciation/amortization	Depreciation			Written Down Value as at June 30, 2016
	Balance as on July 01, 2015	Addition during the year	Disposal during the year		Balance as on July 01, 2015	Charged during the year	Adjustment during the year	
Leasehold land development	34,914,483	-	-	3.33%	4,400,918	1,162,652	-	5,563,570
Land and Land development	5,154,876	239,515,248	-	0.00%	-	-	-	244,670,124
Factory building	233,832,321	89,742,158	-	2.5%	20,941,408	6,444,050	-	27,385,458
Plant and machinery	751,339,988	68,679,106	-	10.00%	274,275,212	51,140,433	-	325,415,645
Electrical installation	53,652,390	7,415,681	-	10.00%	16,368,528	4,099,170	-	20,467,698
Compressor	79,142,375	-	-	10.00%	14,129,190	6,501,319	-	20,630,509
Fork lift	15,562,879	-	-	10.00%	3,721,256	1,184,162	-	4,905,418
Water line installation	16,510,144	-	-	10.00%	4,021,254	1,248,889	-	5,270,143
Office equipment	6,409,713	352,187	-	10.00%	1,768,743	481,706	-	2,250,449
Furniture and Fixture	5,482,183	63,521	-	20.00%	2,845,060	533,777	-	3,378,837
Balance as on June 30, 2016	1,202,001,352	405,767,901	-		342,471,569	72,796,158	-	415,267,727
Balance as on June 30, 2015	1,073,203,783	128,797,569	-		273,620,184	68,851,385	-	859,529,783

Allocation of depreciation

Manufacturing Expenses (Note-18.03)	71,922,604	98.80%
Selling and Distribution Expenses (Note-19.00)	262,066	0.36%
Administrative Expenses (Note-20.00)	611,488	0.84%
	<u>72,796,158</u>	<u>100%</u>

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 LTD.

PROXY FORM

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212.
Tel: 9858734, Fax: 88-02-9858735, E-mail: farchemicaltd@gmail.com

I/We of being a shareholder of **Far Chemical Industries Ltd.** and entitled to vote hereby appoint Mr/Mrs/Miss as my/our proxy to attend and vote for me/us on my/our behalf at the 4th Extra Ordinary General Meeting of the Company to be held on Monday 14th November, 2016 at 11.00 AM and/or at any adjournment there of. As witness my hand this day of 2016

(Signature of the Shareholder)

(Signature of Proxy)

Affix
Twenty Taka
Revenue
Stamp

Folio No./BO ID No.

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No. of Shares held Dated

Note :

- 01. A member entitled to attend and vote at the Meeting may appoint proxy to attend and vote in his/her stead.
- 02. The proxy form must reach at the Share office Located at House # 11 (Floor: 5-A), Road # 12 Block # F, Niketon, Gulshan-1, Dhaka-1212 of the Company not less than 48 hours before the time fixed for the meeting.

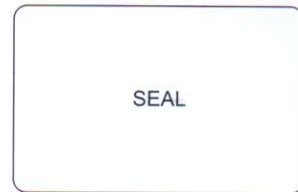
Signature Verified

Authorized Signatory



FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212.
Tel: 9858734, Fax: 88-02-9858735, E-mail: farchemicaltd@gmail.com



ATTENDANCE SLIP

I/we hereby record my/our attendance at the 4th EXTRA ORDINARY GENERAL MEETING of the Company will be held on Monday, 14th November, 2016 at 11.00 AM at the Bir Chandra Nagar Gono Pathagar and Nagar Milayanayatan (Town Hall) Kandarpar, Comilla and at any adjournment there of.

Name of Shareholder/Proxy

Folio No./BO ID No.

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No. of Shares held

(Signature of Proxy)

(Signature of the Shareholder)

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

Dated



FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212.
Tel: 9858734, Fax: 88-02-9858735, E-mail: farchemicaltd@gmail.com

PROXY FORM

I/We.....
of.....being a
shareholder of FAR Chemical Industries Limited and entitled to vote hereby appoint Mr./Ms
..... as my/our proxy to attend and vote for me/us on my/our behalf at the
9th Annual General Meeting of the Company to be held on Monday, the 14th November, 2016 at 11.30
a.m. at Bir Chandra Nagar Gono Pathagar and Nagar Milaynayatan (Town Hall) Kandirpar, Comilla and at
any adjournment there of.

(Signature of the Shareholder)

(Signature of Proxy)

Affix
Twenty Taka
Revenue
Stamp

Folio No./BO ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NO. of Shares held

Dated

Note :

01. A member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote in his/her behalf.
02. The Proxy Form, duly stamped, must reach at the share office Located at House # 11 (Floor: 5-A), Road # 12, Block-F, Niketon, Gulshan-1, Dhaka-1212 of the company not less than 48 hours before of the meeting.



FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1, Dhaka-1212.
Tel: 9858734, Fax: 88-02-9858735, E-mail: farchemicaltd@gmail.com

SEAL

ATTENDANCE SLIP

I/We hereby record my/our attendance at the 9th Annual General Meeting of the company being held on
14th November, 2016 at 11.30 a.m. at Bir Chandra Nagar Gono Pathagar and Nagar Milaynayatan (Town
Hall) Kandirpar, Comilla.

Name of Shareholder/Proxy

Folio No./BO ID No.

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NO. of Shares held

(Signature of Proxy)

Signature of the Shareholder(s)

Dated

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



FAR CHEMICAL INDUSTRIES LTD.

Corporate Office: House # 11 (Floor: 5-A), Road # 12, Block # F, Niketon, Gulshan-1
Dhaka-1212, Bangladesh. Tel: 9858734, Fax: +88 02 9858735
E-mail: farchemicaltd@gmail.com, www.farchemicalbd.com

Registered office & Factory: Plot # 135-136, Comilla Export Processing Zone, Comilla.