

FAR Chemical Industries Limited

Auditor's Report & Financial Statements.
For the year ended June 30, 2019

SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS
R.K Tower (Level-10)

86, Bir Uttam C.R Datta Road (312, Sonargaon Road) Hatirpool, Dhaka-1205.

SHIRAZ KHAN BASAK & CO.

CHARTERED ACCOUNTANTS

(An associate firm of D. N. Gupta & Associates)

R. K. TOWER (Level-10)
 86, Bir Uttam C.R. Datta Road
 (312, Sonargaon Road). Dhaka-1205
 Tel : 88-02-9635139, 88-02-9673597
 Mobile : 01552-638228, 01711-520770
 01922-117370, 01757-941837
 E-mail : shirazkhanbasak@yahoo.com

Independent Auditor's Report To the Shareholders of FAR Chemical Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FAR Chemical Industries Limited (the "Company"), which comprise the Statement of Financial Position as at 30 June 2019 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations.

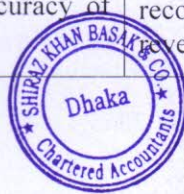
Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matters	Our response to key audit matters
<p>Revenue recognition</p> <p>At year end the company reported total revenue of BDT 1,186,680,670.</p> <p>The company generates revenue from sale of goods to export customers. The timing of the revenue recognized and realized increases the risk of exposure of revenue to foreign exchange fluctuations.</p> <p>There is also a risk that revenue may be overstated/understated due to the timing differences between L/C opening and goods exported.</p> <p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company, which give risk to an inherent risk of the existence and accuracy of the revenue.</p>	<p>We have tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> - Obtaining an understanding of and assessing the design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period; - Segregation of duties in invoice creation and modification and timing of revenue recognition; - Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; - Obtain supporting documentation for sale transaction recorded either side of year end to determine whether revenue was recognized in the current period;



R. K. Tower

SHIRAZ KHAN BASAK & CO.

CHARTERED ACCOUNTANTS

(An associate firm of D. N. Gupta & Associates)

R. K. TOWER (Level-10)
 86, Bir Uttam C.R. Datta Road
 (312, Sonargaon Road). Dhaka-1205
 Tel : 88-02-9635139, 88-02-9673597
 Mobile : 01552-638228, 01711-520770
 01922-117370, 01757-941837
 E-mail : shirazkhanbasak@yahoo.com

	<ul style="list-style-type: none"> - Comparing a sample of revenue transactions recognized during the year with the sale invoices and other relevant underlying documentation; - Critically assessing manual journals posted to revenue to identify unusual or irregular items, and finally assessed the appropriateness and presentation of disclosures against relevant accounting standards. <p><i>[See note number 19 for details]</i></p>
--	--

Valuation of Inventory

The inventory of BDT 468,297,673 as at 30th June 2019, held in warehouses and across multiple product lines in the factory.

Inventory value is measured as follows:

Inventories are stated at the lower of cost and net realizable value in accordance with IAS 2 'Inventories'. As a result, the management apply judgment in determining the appropriate values for value in use, work-in-progress, values for slow moving or obsolete items and need to apply impairment provision.

While excess holding of inventories could impact efficient use of working capital similarly lower level of inventories can result in stock outs or irregular supply to the market.

We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:

- Evaluating the design and implementation of key inventory controls operating across the company's factory and warehouse;
- Challenging the completeness of inventory provisions through assessing actual and forecast sales of inventory lines to assess whether provisions for slow-moving/obsolete stock are valid and complete.
- Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year;
- Comparing the net realizable value, obtained through a detailed review of sales subsequent to the year-end, to the cost price of a sample of inventories and comparison to the associated provision to assess whether inventory provisions are complete;
- We discussed with management about their sales forecasting procedures and ordering of inventories, and inquired about remedial action taken in case of excess or shortage of inventories due to difference in forecast and actual results.

[See note number 06 for details]

Valuation of Property, Plant and Equipment

The carrying value of the PPE amounted to BDT 1,847,141,781 as at 30 June 2019. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.

Expenditures are capitalized if they create new or enhance the existing assets, and expensed if they relate to repair or maintenance of the assets. Classification of expenditures involves judgment. The useful lives of PPE items are based on management's estimates regarding the period during which the asset or its significant part

Our audit included the following procedures:

- We reviewed the opening balances of PPE which was audited by another auditors including assessed the addition during the year under our audit, checked the related accounting treatment and associated deferred tax as recognized by the company.
- We assessed whether the accounting policies in relation to the capitalization of expenditures are in compliance with IFRS and found them to be consistent;



[Handwritten signature]

SHIRAZ KHAN BASAK & CO.

CHARTERED ACCOUNTANTS

(An associate firm of D. N. Gupta & Associates)

R. K. TOWER (Level-10)
86, Bir Uttam C.R. Datta Road
(312, Sonargaon Road). Dhaka-1205
Tel : 88-02-9635139, 88-02-9673597
Mobile : 01552-638228, 01711-520770
01922-117370, 01757-941837
E-mail : shirazkhanbasak@yahoo.com

components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.

- We obtained a listing of capital expenditures incurred during the year and, on a sample basis, checked whether the items were procured based on internal purchase order that had been properly approved by the responsible individuals;
- We inspected a sample of invoices and L/C documents to determine whether the classification between capital and operating expenditure was appropriate;
- We evaluated whether the useful lives determined and applied by the management were in line with historical experience and the market price;
- We checked whether the depreciation of PPE items was commenced timely, by comparing the date of the classification from capital in progress to ready for use, with the date of the act of completion of the work.
- We performed physical asset verification at the year end, observed procedures of asset acquisition, depreciation and disposal and finally assessed the appropriateness and presentation of disclosures as per relevant accounting standards.

[See note number 04 for details]

Other Matter

FAR Chemical Industries Limited had appointed AHMAD & AKHTAR as an auditor of the financial statements for the year ended 30th June 2019 in the company's last Annual General Meeting. Due to ineligibility of AHMAD & AKHTAR to perform audit, the company re-appointed us as the auditor of the financial statements for the year ended 30th June 2019 according to vide letter no. FAR/2019/017, dated: 17th July, 2019.

Other information

Management is responsible for the other information. The other information comprises all of the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) 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.



A handwritten signature in blue ink, appearing to be "R.K.", written over a light blue circular stamp.

SHIRAZ KHAN BASAK & CO.
CHARTERED ACCOUNTANTS

(An associate firm of D. N. Gupta & Associates)

R. K. TOWER (Level-10)
86, Bir Uttam C.R. Datta Road
(312, Sonargaon Road). Dhaka-1205
Tel : 88-02-9635139, 88-02-9673597
Mobile : 01552-638228, 01711-520770
01922-117370, 01757-941837
E-mail : shirazkhanbasak@yahoo.com

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



RK

SHIRAZ KHAN BASAK & CO.

CHARTERED ACCOUNTANTS

(An associate firm of D. N. Gupta & Associates)

R. K. TOWER (Level-10)
86, Bir Uttam C.R. Datta Road
(312, Sonargaon Road). Dhaka-1205
Tel : 88-02-9635139, 88-02-9673597
Mobile : 01552-638228, 01711-520770
01922-117370, 01757-941837
E-mail : shirazkhanbasak@yahoo.com

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the company's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have not come across any other key audit issue for the year under audit, and as such noting is reportable.


Report on other Legal and Regulatory Requirements

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

- 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 and statement of profit or loss and other comprehensive income together with the annexed notes dealt with by the report are in agreement with the books of account and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.

Dated, Dhaka
October 28, 2019




Ramendra Nath Basak, FCA
Partner
Shiraz Khan Basak & Co.
Chartered Accountants

FAR Chemical Industries Limited
Statement of Financial Position
As at June 30, 2019

	Notes	Amount in Taka	
		30-06-2019	30-06-2018
Current assets		1,848,690,252	1,677,478,262
Property, plant & equipment	4.00	1,847,141,781	1,675,929,791
Security deposit	5.00	1,548,471	1,548,471
Current assets		1,173,100,869	1,136,386,432
Inventories	6.00	468,297,673	426,959,883
Trade receivables	7.00	617,542,172	626,642,699
Advances, deposits and prepayments	8.00	38,808,225	56,904,297
Account (IPO)	9.00	2,945,000	2,945,000
Account (Dividend)	10.00	718,079	724,454
Bank and cash equivalents	11.00	44,789,720	22,210,099
Total Assets		3,021,791,121	2,813,864,694
Shareholder Equity and Liabilities			
Shareholders' equity		2,973,502,086	2,764,342,798
Share capital	12.00	1,982,667,480	1,802,424,980
Retained earnings	13.00	990,834,606	961,917,818
Current Liabilities		48,289,035	49,521,896
Trade payables	14.00	38,964,750	40,035,250
Short term borrowings	15.00	2,002,142	2,147,857
Money Deposits (IPO)	16.00	2,945,000	2,945,000
Dividend payables	17.00	718,079	724,454
Provisions and accruals	18.00	3,659,064	3,669,335
Total Shareholder Equity and Liabilities		3,021,791,121	2,813,864,694
Assets Value (NAV) per share	28.00	15.00	15.34

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





 S. Heran M. Hasan R. Ahmed Company Secretary
 Managing Director Director Chief Financial Officer

As per our annexed report of even date

October 28, 2019
Dhaka



SHIRAZ KHAN BASAK & CO.
Chartered Accountants

FAR Chemical Industries Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2019

	Notes	Amount in Taka	
		30-06-2019	30-06-2018
Revenue	19.00	1,186,680,670	1,337,366,121
Cost of sales	20.00	955,231,408	1,047,992,773
Operating profit		231,449,262	289,373,348
Operating expenses			
Selling and distribution expenses	21.00	10,042,906	10,581,377
Administrative expenses	22.00	11,062,686	10,998,069
Employee Welfare expenses	23.00	767,287	761,035
		21,872,878	22,340,481
Profit from operation		209,576,384	267,032,867
Financial expenses	24.00	784,914	666,964
Foreign Exchange Gain/(Loss)	25.00	87,131	89,051
		208,878,601	266,454,954
Other income	26.00	280,687	275,316
Profit before tax		209,159,288	266,730,270
Income tax expenses		-	-
Profit after tax		209,159,288	266,730,270
Earnings Per Share (EPS)	27.00	1.05	1.35

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

 S. Heran
  M. Hasan
  RAhmed
  Company Secretary
 Chairman Managing Director Director Chief Financial Officer Company Secretary

As per our annexed report of even date

October 28, 2019
Dhaka




SHIRAZ KHAN BASAK & CO.
Chartered Accountants

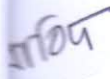
FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2019

Particulars	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
Balance at July 01, 2018	1,802,424,980	961,917,818	2,764,342,798
Share Issue	180,242,500	(180,242,500)	-
Profit during the year	-	209,159,288	209,159,288
Balance at 30 June 2019	1,982,667,480	990,834,606	2,973,502,086

FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2018

Particulars	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
Balance at July 01, 2017	1,638,568,160	859,044,368	2,497,612,528
Share Issue	163,856,820	(163,856,820)	-
Profit during the year	-	266,730,270	266,730,270
Balance at 30 June 2018	1,802,424,980	961,917,818	2,764,342,798

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

 S. Haque M. Hasan R. Ahmed [Signature]
 Chairman Managing Director Director Chief Financial Officer Company Secretary

As per our annexed report of even date

October 28, 2019.
Dhaka




SHIRAZ KHAN BASAK & CO.
Chartered Accountants

FAR Chemical Industries Limited
Statement of Cash Flows
For the year ended June 30, 2019

Notes	Amount in Taka	
	30-06-2019	30-06-2018
A. Cash flows from operating activities:		
Receipt from customers	1,195,781,197	1,350,883,545
Receipt from other income	280,687	364,367
Payment for cost of expenses	(919,599,704)	(1,011,075,473)
Payment for operating expenses	(21,156,025)	(24,579,915)
Payment of financial expenses on short term loan	(784,914)	(666,964)
Net cash from operating activities	254,521,241	314,925,560
B. Cash flows from investing activities:		
Acquisition of property, plant and equipment	(231,805,752)	(312,792,473)
Net cash used in investing activities	(231,805,752)	(312,792,473)
C. Cash flows from financing activities:		
Receipt/(Payment) against short term loan	(145,715)	148,234
Net Cash used in financing activities	(145,715)	148,234
D. Net increase in cash and cash equivalents(A+B+C)	22,569,775	2,281,321
E. Foreign Exchange Gain/(Loss)-FC A/C	9,847	8,944
F. Opening cash and cash equivalents	22,210,099	19,919,834
G. Closing cash and cash equivalents (D+E+F)	44,789,720	22,210,099
Net Operating Cash Flow Per Share (N _o)	29.00	1.28
		1.75

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







Chairman Managing Director Director Chief Financial Officer Company Secretary

As per our annexed report of even date

Dated: October 28, 2019
Place: Dhaka




 SHIRAZ KHAN BASAK & CO.
Chartered Accountants

FAR Chemical Industries Limited
Notes to the Financial Statements
For the year ended June 30, 2019

1.00 Reporting Entity

1.01 Background of the Company

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

1.02 Nature of Business

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

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

2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

The financial statements have been prepared in accordance with 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;
The Value Added Tax Rules 1991
The Customs Act 1969
Bangladesh labour law 2006 (Amended)
The Securities and Exchange Rules, 1987 and
Bangladesh EPZ related rules and regulations.

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.



A handwritten signature in blue ink, appearing to read "R. K. Gupta".

An associate firm of D.N. Gupta & Associates

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 Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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: 14 Trade Payables

2.07 Reporting Period

The financial period of the companies covers one year from 1 July 2018 to 30 June 2019 and is followed consistently.

2.08 Cash Flow Statement

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

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

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



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

SL. No.	Name of the IFRS	IFRS No
1	Financial Instruments: Disclosures	7
2	Operating Segments	8
3	Disclosure of Interests in Other Entities	12
4	Revenue from Contracts with Customers	15

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

3.00 Significant Accounting Policies

3.01 Property, Plant & Equipment

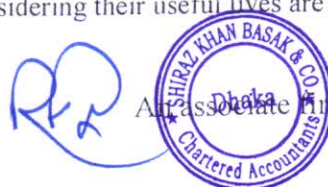
3.01.1 Recognition and Measurement

Tangible fixed assets are accounted for according to "IAS 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.

3.01.2 Depreciation

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

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



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

3.02 Components of the Financial Statements

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

- i. Statement of financial position as at 30 June, 2019
- ii. Statement of Profit or Loss and other comprehensive income for the financial year ended on 30 June, 2019
- iii. Cash Flows Statements for the financial year ended on 30 June, 2019
- iv. Statement of changes in equity for the financial year ended on 30 June, 2019
- v. Accounting policies and explanatory notes for the financial year ended on 30 June, 2019

3.03 Inventories

Inventories are measured at lower of cost and ex-factory net realizable value in compliance with "IAS 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

In compliance with the requirements of IFRS 15 Revenue from contracts with customers, Entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized only when following steps match with a transaction;

- Identification of the contract(s) with a customer;
- Identification of the performance obligation in a contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognition revenue when (or as) the entity satisfies a performance obligation by transferring control over goods or services to a customer;

The Company has applied IFRS 15 using the cumulative effect method and therefore the comparative information has not been restated and continues to be reported under IAS 18. In the comparative period, in compliance with the requirements of IAS - 18 Revenue, revenue was recognized only when;

- a) The products are invoiced and dispatched to the customers;
- b) Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable;
- c) Income from export is recognized at delivery of the consignment on accrual basis.

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 IAS 21: "The effect of changes in Foreign Exchange Rates". Monetary assets and liabilities denominated in the foreign currencies are translated at prevailing





An associate firm of D.N. Gupta & Associates

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

3.06 Financial Expenses

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

3.07 Financial Instruments

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

Trade Receivables

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

Trade Payables

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

Cash and Cash Equivalents

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

Share Capital

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

3.08 Taxation

3.8.1 Current Tax

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

3.8.2 Deferred Tax

Deferred tax arises due to temporary difference deductible or taxable for the transaction which is recognized in the income statement. A temporary difference between the tax base of an asset or liability and its carrying amount/or amount in the Statement of Financial Position. Deferred tax assets or liability is the year income tax recoverable or payable in future periods recognized in the current period "IAS 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 "IAS 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 if it is probable that a liability has been incurred and the amount can be measured reliably accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

3.11 Earnings per Share (EPS)

This has been calculated in compliance with the requirements of "IAS 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 share 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 "IAS 14: Segment Reporting" as the company operates in a single industry segment and within as geographical segment.

3.13 Event after Statement of Financial Position Date

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

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

3.14 Employee Benefits

3.14.1 Worker's Profit Participation

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

3.14.2 Provident Fund

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



In association with the firm of D.N. Gupta & Associates

3.143 Workers Welfare Fund

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

3.15 Financial Risk Management Policies

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

Interest Rate Risk

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

Foreign Currency Risk

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

Credit Risk

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

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

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

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

Due from customer other than related parties:

Gross trade and other receivable	Tk. 617,542,172.00
Less: Related Parties	Tk. 1,298,504.00
Net from Customers	Tk. <u>616,243,668.00</u>



firm of D.N. Gupta & Associates

Out of the total trade debts of Tk. 617,542,172.00 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	617,542,172.00	-
Over 6 months	-	-
Total	617,542,172.00	-

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	38,964,750	-	38,964,750	38,964,750	-
Short term borrowing	2,002,143	-	2,002,143	2,002,143	-
	40,966,893	-	40,966,893	40,966,893	-

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 2019 the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

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

3.16 Date of Authorization

These financial statements were authorized for issue on 28 October, 2019 by the board of the Directors of the company.

3.17 General

- i) Comparative figures have been re-arranged where considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.
- ii) Figures for the years 2018 have been rearranged wherever considered necessary to ensure comparability with the current year.



Shiraz Khan Basak & Co.
Chartered Accountants

Amount in Taka

	30-06-2019	30-06-2018
4.30 Property, plant & equipment		
At cost		
Opening balance	2,229,519,894	1,916,727,421
Addition during the year	231,805,752	312,792,473
	2,461,325,647	2,229,519,894
Accumulated depreciation		
Opening balance	553,590,103	487,233,521
Charged during the year	60,593,763	66,356,582
	614,183,865	553,590,103
Written down value as on June 30	1,847,141,781	1,675,929,791
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	335,134,783
Work-in-process	6.02	10,154,239
Packaging materials	6.03	7,021,747
Finished goods	6.04	111,955,729
Store items	6.05	4,031,175
		468,297,673
6.01 Raw materials		
Opening stock		296,137,074
Add: Purchase during the year		818,640,738
Raw materials available for production		1,114,777,812
Less: Input to production		779,643,029
		335,134,783
6.02 Work-in-process		
Opening work-in-process		10,436,343
Add: Current year		812,236,728
		822,673,071
Less: Transfer to finished goods		812,518,832
		10,154,239
6.03 Packaging materials		
Opening stock		6,140,905
Add: Purchase during the year		33,474,541
		39,615,446
Less: Consumption during the year		32,593,699
		7,021,747
6.04 Finished goods		
Opening stock		109,623,373
Add: Production during the year		957,960,236
Less: Cost of free issue		(396,472)
Production available for export		1,067,187,137
Less: Cost of goods sold		955,231,408
		111,955,729



Shiraz Khan Basak & Co.
Chartered Accountants

Amount in Taka

	30-06-2019	30-06-2018
6.15 Store items		
Opening stock	4,622,188	4,512,034
Add: Purchase during the year	13,460,507	20,343,848
	18,082,695	24,855,882
Less: Consumption during the year	14,051,520	20,233,694
	4,031,175	4,622,188
7.00 Trade receivables		
Opening balance	626,642,699	640,160,123
Add: Export during the year	1,186,680,670	1,337,366,121
Less: Realization during the year	1,195,781,197	1,350,883,545
	617,542,172	626,642,699
Receivables due over six months	-	-
Receivables due below six months	617,542,172	626,642,699
	617,542,172	626,642,699

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	30-06-2019	30-06-2018
i. Receivables considered good in respect of which the company is fully secured	617,542,172	626,642,699
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	1,298,504	3,654,550
vi. The maximum amount of receivable due by any director or other officer of the company	-	

7.01 Movement of Trade Receivable		
Opening Balance		626,642,699
Add: Export/ Credit Sales during the year		1,186,680,670
Less: Realized during the year		1,350,883,545
		617,542,172
8.00 Advances, deposits and prepayments		
Sundry Advances	8.01	35,842,960
Advance Salary		54,779,101
M/S. Abul Khair Steel		2,554,515
M/S. Sattar Enterprise		1,996,400
		345,267
		65,483
		123,542
		5,254
		38,808,225
		56,904,297



Amount in Taka

	30-06-2019	30-06-2018
8.01 Sundry Advances		
Mr. MA Bari	5,125,489	6,521,547
Mr. Uttam Kumar	1,794,524	1,963,415
M/S. Gazi Enterprise	-	20,150
M/S. Omer Electrical Engineering Works	258,746	517,496
Md. Abul Khair Manik	26,647,854	35,998,423
M/S. Bangla Trac Ltd.	947,852	3,105,247
M/S. L/N Enterprise	112,547	514,293
M/S. Creative Design and Development	254,781	2,309,175
M/S. Tropical Vertical Mover	76,583	624,186
M/S. Denmark Refrigeration Workes	624,584	3,205,169
	35,842,960	54,779,101
8.02 Movement of Advances, Deposits and Prepayments		
Opening Balance	56,904,297	34,052,246
Add: Addition during the year	13,840,291	26,057,097
	70,744,588	60,109,343
Less: Adjustment during the year	31,936,363	3,205,046
	38,808,225	56,904,297
9.00 STD Account (IPO)		
STD Accounts (BRAC Bank)	2,945,000	2,945,000
	2,945,000	2,945,000
10.00 STD Account - Dividend		
STD Accounts (SBACBL)	718,079	724,454
	718,079	724,454
11.00 Cash and Cash equivalents		
Cash in hand - Head Office	1,094,781	1,524,196
Cash in hand - Factory	4,901,174	1,405,218
Cash at bank:		
Al-Arafah Islami Bank Ltd	38,494,391	12,541,876
Social Islami Bank Limited	64,250	1,709,874
Social Islami Bank Limited	220,886	5,013,694
Bank Asia Limited	14,238	15,241
	44,789,720	22,210,099
12.00 Share capital:		
12.01 Authorized share capital :		
300,000,000 ordinary shares of Taka 10/= each.	3,000,000,000	3,000,000,000
12.02 Issued, subscribed and paid-up capital:		
198,266,748 Ordinary Shares of Tk. 10/- each fully paid-up.	1,982,667,480	1,802,424,980

The shareholding position of the company are as under:

Name	No of shares	Percentages (%)	Amount in Taka
Sponsors & Directors	59,961,474	30.24%	599,614,740
Local Institutions	59,083,491	29.80%	590,834,910
General Shareholder	79,221,783	39.96%	792,217,830
Total	198,266,748	100.00%	1,982,667,480



Amount in Taka

30-06-2019

30-06-2018

12.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2019.

Ranges of Shareholdings	30-06-2019		30-06-2018	
	No. of Holder	% of holding	No. of Holder	% of holding
Less than or equal to 500 Shares	2,980	20.41%	2,824	0.36%
501 to 1,000 Shares	1,838	12.59%	2,164	0.94%
1,001 to 5,000 Shares	5,544	37.98%	5,430	7.40%
5,001 to 10,000 Shares	1,800	12.33%	1,694	6.71%
10,001 to 20,000 Shares	1,282	8.78%	1,155	8.83%
20,001 to 30,000 Shares	432	2.96%	378	5.09%
30,001 to 40,000 Shares	210	1.44%	190	3.66%
40,001 to 50,000 Shares	126	0.86%	108	2.70%
50,001 to 100,000 Shares	243	1.66%	183	6.93%
100,001 to 1,000,000 Shares	125	0.86%	110	13.89%
Over 1,000,000 Shares	18	0.12%	17	43.49%
Total	14,598	100.00%	14,253	100.00%

13.00 Retained earnings

Opening balance	961,917,818	859,044,368
Less: Dividend	180,242,500	163,856,820
	781,675,318	695,187,548
Add: Profit during the year	209,159,288	266,730,270
	990,834,606	961,917,818

14.00 Trade Payable

CJTECH Co Ltd.	10,584,920	9,415,080
SFC Co Ltd.	8,848,361	7,151,639
SBC Co Ltd.	7,742,107	11,257,893
OCI Corporation	11,789,362	12,210,638
	38,964,750	40,035,250

14.01 Movement of Trade Payable

Opening Balance	40,035,250	36,561,263
Add: Import/Purchases during the year	865,575,786	921,232,258
Less: Payment made during the year	866,646,286	917,758,271
	38,964,750	40,035,250

15.00 Short term borrowings

Trust Receipt (Note-15.01)	2,002,142	2,147,857
	2,002,142	2,147,857

15.01 The Al-Arafah Islami Bank Limited sanctioned a composite working capital limit for Tk 45.00 crore to make stock of raw materials, work-in-process and finished goods in the form of:

- L/C limit for Tk 35.00 crore
- Trust receipt (TR) for Tk 5.00 crore and
- Bai-Muazzal Commercial for Tk 5.00 crore

Terms and Conditions :

- Rate of profit 13.50% per annum
- Validity upto 22.04.2020 and can be renewed yearly.



Shiraz Khan Basak & Co.
Chartered Accountants

Amount in Taka

	30-06-2019	30-06-2018
16.00 Share Money Deposits (IPO)		
Share Money Deposits	2,945,000	2,945,000
	<u>2,945,000</u>	<u>2,945,000</u>
17.00 Dividend paybles		
Dividend payable	718,079	724,454
	<u>718,079</u>	<u>724,454</u>
18.00 Creditors and accruals		
Electricity bill	133,790	126,210
Water bill	768,479	855,416
Medical subscription-BEPZA	25,418	25,163
Salaries and wages	1,981,231	2,218,769
Director remuneration and fees	50,000	50,000
Sundry creditors (Note-18.01)	250,146	143,777
M/S Jubair Construction	41,563	-
Audit and professional fees	250,000	250,000
M/S Alhaj Supply & Transport	98,750	-
M/S Khan Associates	59,687	-
	<u>3,659,064</u>	<u>3,669,335</u>
18.01 Sundry creditors		
M/S Power Puls Engineering	121,598	-
M/S Zahid Enterprise	44,639	105,361
M/S New China Thai Aluminium Ltd.	1,054	21,054
M/S Rainbow Printers	36,984	17,362
M/S Transformer & Electric Mfg Co Ltd.	45,871	-
	<u>250,146</u>	<u>143,777</u>
19.00 Revenue		
Softening Agent	375,277,964	405,136,876
Scouring Agent	157,490,776	167,541,052
Anti-Foaming Agent	107,801,966	100,521,630
Levelling Agent	104,217,752	114,206,395
Fixing Agent	101,337,971	101,241,876
Stabilizer	114,146,837	167,541,638
Retarding Agent	121,655,769	147,541,637
Bleaching Agent	50,874,938	50,421,071
Others	53,876,697	83,213,946
	<u>1,186,680,670</u>	<u>1,337,366,121</u>
20.00 Cost of sales		
Raw materials consumed-Chemicals (Note-20.01)	779,643,029	848,474,044
Packaging materials consumed (Note-20.02)	32,593,699	41,536,967
	<u>812,236,728</u>	<u>890,011,011</u>
Add: Work in process- Opening	10,436,343	10,571,652
	<u>822,673,071</u>	<u>900,582,663</u>
Less: Work in process- Closing	10,154,239	10,436,343
Total consumption	<u>812,518,832</u>	<u>890,146,320</u>
Add: Manufacturing overhead (Note-20.03)	85,574,766	91,186,639
Add: Depreciation (Annexure-A)	59,866,638	65,560,303
Cost of production	<u>957,960,236</u>	<u>1,046,893,262</u>



An associate firm of D.N. Gupta & Associates

Amount in Taka

	30-06-2019	30-06-2018
Add: Finished goods - opening	109,623,373	111,210,678
	1,067,583,609	1,158,103,940
Less: Finished goods - closing	111,955,729	109,623,373
Change of finished goods stock	955,627,880	1,048,480,567
Less: Cost of free issue	396,472	487,794
	955,231,408	1,047,992,773
20.01 Raw materials consumed-chemicals		
Opening Stock	296,137,074	285,248,167
Add: Purchase during the period	818,640,738	859,362,951
Raw materials available for production	1,114,777,812	1,144,611,118
Less: Closing Stock	335,134,783	296,137,074
Consumption during the period	779,643,029	848,474,044
20.02 Packaging materials consumed		
Opening Stock	6,140,905	6,152,413
Add: Purchase during the period	33,474,541	41,525,459
Consumable Item available for packing.	39,615,446	47,677,872
Less: Closing Stock	7,021,747	6,140,905
Consumption during the period	32,593,699	41,536,967
20.03 Manufacturing overhead		
Salaries and wages	23,845,913	23,154,087
Fuel, water and power	27,245,709	26,754,291
Printing and stationary	865,657	935,416
Conveyance expenses	1,094,751	1,105,249
Mobile bill	55,875	47,541
Store and spares consumed (Note-6.05)	14,051,520	20,233,694
Rent, rates and taxes	7,348,361	7,451,639
Medical expenses	896,586	913,024
Food and Tiffin	1,557,949	1,642,051
Labor charge	2,024,584	1,975,416
Repair and maintenance (Note-20.03.1)	3,676,874	3,945,218
Carrying Charge	865,361	874,639
Other overhead	2,045,626	2,154,374
	85,574,766	91,186,639
20.03.1 Repairs and maintenance		
Plant and Machinery	2,602,469	2,797,693
Buildings	476,798	506,318
Others	597,607	641,207
	3,676,874	3,945,218
21.00 Selling and distribution expenses		
Advertisement expenses	345,000	317,245
Salaries and wages	2,024,584	1,975,416
Transportation and handling expenses	3,841,633	4,152,497
Repairs and maintenance	296,756	385,416
Rent	108,000	99,500
Electricity, water and gas	822,222	816,352
Sales promotion expenses	750,600	785,641



Amount in Taka

	30-06-2019	30-06-2018
Traveling expenses	596,304	663,041
Entertainment expenses	295,527	301,526
Miscellaneous expenses	58,905	56,819
Sample, test and analysis	288,765	301,246
Cost of free issue	396,472	487,794
Depreciation (Annexure-A)	218,138	238,884
	10,042,906	10,581,377
22.00 Administrative expenses		
Salaries and wages	1,497,832	1,452,168
Postage and telecommunication	49,982	50,418
Traveling, haulage and passage	833,754	816,427
Repair and maintenance	89,948	97,563
Electricity, fuel and water	521,785	516,340
Printing and stationery	155,433	160,542
Rent, rates and taxes	5,736,419	5,741,864
Subscription and donation	65,770	60,527
Entertainment	50,960	55,196
Legal and professional Charge	69,780	85,691
Audit and professional fees	300,000	250,000
Miscellaneous expenses	85,605	55,396
News paper and periodicals	4,650	4,158
AGM Expenses	435,780	416,384
Director remuneration	600,000	600,000
Board meeting attendance fees	56,000	78,000
Depreciation (Annexure-A)	508,988	557,395
	11,062,686	10,998,069
23.00 Employee welfare expenses		
	767,287	761,035
	767,287	761,035
24.00 Financial expenses		
Bank Charges	57,320	56,437
Interest on Trust Receipt	727,594	610,527
	784,914	666,964
25.00 Foreign Exchange Gain/(Loss)		
Exchange Gain/(Loss)	87,131	89,051
	87,131	89,051
26.00 Other income		
Sale of wastage	280,687	275,316
	280,687	275,316
27.00 Basic earnings per share for the year:		
Earnings from Core Business		
a) Net Profit after Tax excluding extra ordinary Income	208,878,601	266,454,954
b) Weighted average number of shares outstanding (Note-27.1)	198,266,748	180,242,498
Basic Earnings per share (EPS) from core business (a/b)	1.05	1.48



Amount in Taka

30-06-2019	30-06-2018
------------	------------

Earnings from Extraordinary Income

a) Extraordinary Income	280,687	275,316
b) Weighted average number of shares outstanding	198,266,748	180,242,498
Basic Earnings per share from from Extraordinary Income	0.0014	0.0015
Basic earnings per share	1.05	1.48
Basic earnings per share (Adjusted)	1.05	1.35

27.01 Weighted average number of shares outstanding

For the year 2019

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	180,242,498	365/365	180,242,498
Bonus Shares	18,024,250	365/365	18,024,250
Total	198,266,748		198,266,748

For the year 2018

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	163,856,816	365/365	163,856,816
Bonus Shares	16,385,682	365/365	16,385,682
Total	180,242,498		180,242,498

28.00 Net Assets Value (NAV) per share

Total Assets	3,021,791,121	2,813,864,694
Less: Total outside liability	48,289,035	49,521,896
a. Net Asset Value	2,973,502,086	2,764,342,798
b. Total number of shares outstanding	198,266,748	180,242,498
Net Assets Value (NAV) per share (a/b)	15.00	15.34

29.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flow (Numerator)	254,521,241	314,925,560
b) No of Shares outstanding	198,266,748	180,242,498
Net operating cash flow per share (NOCFPS) (a/b)	1.28	1.75

30.00 Reconciliation of cash generated by operations

Net Profit/(Loss) Before Tax	209,159,288	266,730,270
Add: Depreciation	60,729,630	66,199,404
Increase/Decrease in inventory	(41,337,790)	(9,264,939)
Increase/Decrease in bills receivables	9,100,527	13,517,424
Increase/Decrease in advance, deposits & prepayments	18,096,072	(22,852,051)
Increase/Decrease in bills payables	(1,070,500)	3,473,987
Increase/Decrease in Dividend payables	(6,375)	(98,211)
Increase/Decrease in STD Account (Dividend)	6,375	98,211



Shiraz Khan Basak & Co.
Chartered Accountants

Amount in Taka

	30-06-2019	30-06-2018
Increase/Decrease in Share Money Deposits (IPO)	-	(5,000)
Increase/Decrease in STD Account (IPO)	-	5,000
Increase/Decrease in short term borrowings	(145,715)	148,234
Increase/Decrease in creditors & accrues	(10,272)	(3,026,769)
	<u>254,521,241</u>	<u>314,925,560</u>



31.00 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 IAS 24- Related Party Disclosures:

Name of related party	Nature of Transaction	Outstanding Balance as at June 30, 2019
M.L. Dyeing Limited	Sale of Goods	1,298,504
Total		1,298,504

32.00 Production and product mix

Production capacity per year 11,000,000 Kg and during the year company produces 9,675,404 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	2,306,416	22.15%
Scouring Agent	853,667	8.52%
Anti-Foaming Agent	904,704	7.84%
Levelling Agent	734,681	7.46%
Fixing Agent	850,309	7.89%
Stabilizer	912,058	12.45%
Retarding Agent	1,217,463	13.15%
Bleaching Agent	1,287,502	11.71%
Others	608,604	8.83%
Total	9,675,404	100.00%

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

Employee Position (as on June 30, 2019)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 6300	20	5	67	92
Above 6300	7	13	204	224
Total	27	18	271	316

32.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, 2018 to June 30, 2019

Remuneration & Board Meeting attendance Fees: Tk.656,000

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

Name of Board of Directors	Designation	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	12,000	12,000
Md. Shirazul Haque (Representative of FAR Pharmaceuticals Ltd.)	MD	600,000	12,000	612,000



Md. Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	-	10,000	10,000
Mr. Akik Habibuzzaman	Independent Director	-	12,000	12,000
Mr. Md. Abdullah	Independent Director	-	10,000	10,000
Total		600,000	56,000	656,000

33.00 Events after reporting period (IAS-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.



34.00 Other commitments, contingencies and relevant information

34.01 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, 2019 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

Particulars	01-07-2018 to 30-06-2019		01-07-2017 to 30-06-2018	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export- Sales	8,795,822	1,186,680,670	9,655,583	1,337,366,121
Total	8,795,822	1,186,680,670	9,655,583	1,337,366,121

34.02 Capital expenditure commitment

The company has procured land area 342.46 decimal for its second unit at Rupganj, Narayanganj. Land development work is going on to set up second unit.

34.03 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.

34.04 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, 2019

Particulars	Cost				Rate of depreciation/ amortization	Depreciation			Annexure-A Written Down Value as at June 30, 2019
	Balance as on July 01, 2018	Addition during the year	Disposal during the year	Balance as on June 30, 2019		Balance as on July 01, 2018	Charged during the year	Adjustment during the year	
Leasehold land development	34,914,483	115,680	-	35,030,163	3.33%	901,879	-	8,790,754	26,239,409
Land and Land development	842,809,085	229,128,992	-	1,071,938,078	0.00%	-	-	-	1,071,938,078
Factory building	325,449,642	-	-	325,449,642	2.5%	7,084,253	-	49,163,776	276,285,866
Plant and machinery	835,260,970	-	-	835,260,970	10.00%	41,366,060	-	462,966,432	372,294,538
Electrical installation	63,483,433	1,285,980	-	64,769,413	10.00%	3,559,443	-	32,091,439	32,677,974
Compressor	80,447,570	658,500	-	81,106,070	10.00%	4,902,724	-	36,652,301	44,453,769
Fork lift	15,562,879	-	-	15,562,879	10.00%	863,254	-	7,793,590	7,769,289
Water line installation	18,458,150	-	-	18,458,150	10.00%	1,092,876	-	8,622,268	9,835,882
Office equipment	7,024,771	348,750	-	7,373,521	10.00%	409,116	-	3,517,105	3,856,416
Furniture and Fixture	6,108,911	267,850	-	6,376,761	20.00%	414,159	-	4,586,200	1,790,561
Balance as on June 30, 2019	2,229,519,894	231,805,752	-	2,461,325,647		60,593,763	-	614,183,866	1,847,141,781
Balance as on June 30, 2018	1,916,727,421	312,792,473	-	2,229,519,894		66,356,582	-	553,590,103	1,675,929,791

Allocation of depreciation

Cost of sales (Note-20)	59,866,638	98.80%
Selling and Distribution Expenses (Note-21.00)	218,138	0.36%
Administrative Expenses (Note-22.00)	508,988	0.84%
	<u>60,593,763</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

