

Private & Confidential

**Auditor's Report and Financial Statements
of**

Far Chemical Industries Limited

11 (Floor: 5-A), Road No: 12, Niketon
Gulshan-1, Dhaka-1212.

For the Year Ended 30 June 2022

 **KAZI ZAHIR KHAN & Co.**
Chartered Accountants

Corporate Office:

Shamsunnahar & Wazi Complex, 8th Floor
(2nd Lift), Suite-9B, 31/C/1, Topkhana Road
Segunbagicha, Dhaka-1000.
Tel: 57160824, 57160821
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Branch Office:

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Ground Floor, West Dhanmondi
Dhaka-1207
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**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 2022 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 2022, 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.

Emphasis of Matter

1. We draw attention to Note # 3.20 of the financial statements that Amalgamation/merger of S.F. Textile Industries Ltd. with FAR Chemical Industries Ltd. has been decided. The application for amalgamation process has been admitted by the High Court Division of the Supreme Court of Bangladesh. Shareholders and the Creditors of the Company has accepted the decision of amalgamation/merger following EGMs and Creditors Meetings.
2. We draw attention to Note # 3.19 of the financial statements that the Company has shifted its chemical factory's plant, equipment and machineries from Cumilla EPZ to newly constructed factory at Rupgonj, Narayagonj. The company, as of the date of signing the report, could not restart the chemical factory at the new location, is now non-functioning of the transferred items, will require additional machineries to run further. Hence the Company management is considering the viability of the chemical project. These events or conditions, however indicate that a material uncertainty exists in running the chemical factory. On the other hand, the company has completed construction work of spinning unit in its own premises at Rupgonj Narayanganj and has started its trial production on October 17, 2022.
3. We also draw attention to Note # 13.00 of the financial statements that the Company incurred a loss BDT 24.41 crore, adjusted with Retained Earnings, on disposal of fixed assets while transferred from Cumilla EPZ to Rupganj, Narayanganj and during handover the leasehold lands to EPZ authority.



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.34,872,966. The company generates revenue from sale of goods to 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; - 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 22 for details]</i></p>
<p>Valuation of Property, Plant and Equipment</p> <p>The carrying value of the PPE amounted to BDT 3,169,560,395 as at 30 June 2022. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements.</p> <p>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 components will be used. The estimates are based on historical experience and market practice and take into consideration the physical condition of the assets.</p>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> - We reviewed 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; - 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;



	<ul style="list-style-type: none">- 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. <p><i>[See note number 04 for details]</i></p>
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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.

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.

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.



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.

Place: Dhaka
Dated: October 27, 2022
DVC: 2210300240AS247185


Md. Nurul Hossain Khan FCA
Enrolment No: 0240
Managing Partner
Kazi Zahir Khan & Co.
Chartered Accountants

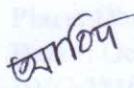
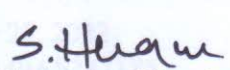
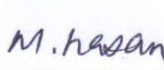
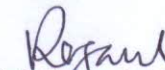
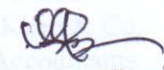
FAR Chemical Industries Limited

Statement of Financial Position

As at June 30, 2022

Particulars	Notes	Amount in Taka	
		June 30, 2022	June 30, 2021
Assets			
Non-current assets		3,169,560,395	2,324,807,921
Property, plant & equipment	4.00	3,169,560,395	2,323,259,450
Security deposit	5.00	-	1,548,471
Current assets		278,417,059	882,427,099
Inventories	6.00	56,547	24,788,277
Trade receivables	7.00	-	545,775,447
Advances, deposits and prepayments	8.00	12,276,505	59,399,046
STD Account (IPO)	9.00	-	2,945,000
STD Account (Dividend)	10.00	675,784	617,827
Cash and cash equivalents	11.00	265,408,223	248,901,502
Total Assets		3,447,977,454	3,207,235,020
Shareholder Equity and Liabilities			
Shareholders' equity		2,639,639,525	2,989,710,483
Share capital	12.00	2,180,934,230	2,180,934,230
Retained earnings	13.00	458,705,295	808,776,253
Non-Current Liabilities		-	5,460,252
Lease Liability	14.00	-	5,460,252
Deferred Tax Liability	15.00	-	-
Current Liabilities		808,337,929	212,064,284
Term Loan	16.00	494,733,000	-
Short term borrowings	17.00	303,804,964	195,734,277
Provision for Income Tax	18.00	5,180,976	3,176,822
Refundable Deposits (IPO)	19.00	-	2,945,000
Unpaid or Unclaimed Dividend	20.00	675,784	617,827
Creditors and accruals	21.00	3,943,206	9,590,359
Total Shareholder Equity and Liabilities		3,447,977,454	3,207,235,020
Net Assets Value (NAV) per share	32.00	12.10	13.71


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

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

As per our annexed report of even date

Place: Dhaka
Dated: October 27, 2022
DVC:2210300240AS247185




 Md. Nurul Hossain Khan FCA
 Enrolment No: 0240
 Managing Partner
 Kazi Zahir Khan & Co.
 Chartered Accountants

FAR Chemical Industries Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended June 30, 2022


Particulars	Notes	Amount in Taka	
		June 30, 2022	June 30, 2021
Revenue	22.00	34,872,966	591,668,471
Less: Cost of sales	23.00	111,359,592	609,722,708
Gross profit		(76,486,626)	(18,054,237)
Less: Operating expenses			
Selling and distribution expenses	24.00	4,237,435	5,500,269
Administrative expenses	25.00	5,118,813	6,214,106
Employee Welfare expenses	26.00	675,703	752,675
		10,031,950	12,467,050
Profit from operation		(86,518,576)	(30,521,286)
Less: Financial expenses	27.00	717,920	560,567
Add: Foreign Exchange Gain/(Loss)	28.00	5,089	6,679
		(87,231,407)	(31,075,174)
Add: Other income	29.00	8,184,774	126,099
Profit before tax		(79,046,633)	(30,949,075)
Less: Income tax expenses	30.00	5,154,055	3,176,822
Profit after tax		(84,200,688)	(34,125,897)
Basic Earnings Per Share (EPS)	31.00	(0.39)	(0.16)

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

 Chairman
 S. Haque Managing Director
 M. Hasan Director
 Rezaul Chief Financial Officer
 Company Secretary

As per our annexed report of even date

Place: Dhaka
Dated: October 27, 2022
DVC:2210300240AS247185


 Md. Nurul Hossain Khan FCA
 Enrolment No: 0240
 Managing Partner
 Kazi Zahir Khan & Co.
 Chartered Accountants




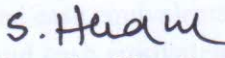
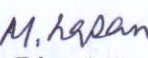
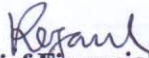

FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2022

Particulars	Share Capital Taka	Retained Earnings Taka	Total Taka
Balance at July 01,2021	2,180,934,230	808,776,253	2,989,710,483
Dividend Paid	-	(21,809,343)	(21,809,343)
Profit during the year	-	(84,200,688)	(84,200,688)
Less: Loss on disposal of various assets		(244,060,927)	(244,060,927)
Balance at 30 June 2022	2,180,934,230	458,705,294	2,639,639,524

FAR Chemical Industries Limited
Statement of Changes in Equity
For the year ended June 30, 2021

Particulars	Share Capital Taka	Retained Earnings Taka	Total Taka
Balance at July 01,2020	2,180,934,230	864,711,493	3,045,645,723
Dividend Paid	-	(21,809,343)	(21,809,343)
Profit during the year	-	(34,125,897)	(34,125,897)
Balance at 30 June 2021	2,180,934,230	808,776,253	2,989,710,483

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

Place: Dhaka

Dated: October 27, 2022



FAR Chemical Industries Limited
Statement of Cash Flows
For the year ended June 30, 2022

Particulars	Notes	Amount in Taka	
		June 30, 2022	June 30, 2021
A. Cash flows from operating activities:			
Receipt from customers		580,648,413	627,803,982
Receipt from other income		8,187,115	126,099
Payment for cost of expenses		(26,314,466)	(113,372,086)
Payment for operating expenses		(15,118,265)	(6,878,015)
Payment of financial expenses		(717,920)	(560,567)
Income Tax Paid		(3,721,094)	(3,149,901)
Net cash from operating activities		542,963,783	503,969,512
B. Cash flows from investing activities:			
Acquisition of property, plant and equipment		(1,171,635,393)	(440,096,911)
Proceeds from sale/dispose off fixed assets		64,663,375	-
Net cash used in investing activities		(1,106,972,018)	(440,096,911)
C. Cash flows from financing activities:			
Increase / (Decrease) in Short term loan		108,213,964	195,591,000
Term Loan Received		494,733,000	-
Payment of Lease liability		(625,413)	(131,076)
Dividend paid		(21,809,343)	(21,809,343)
Net Cash used in financing activities		580,512,208	173,650,581
D. Net increase in cash and cash equivalents(A+B+C)		16,503,972	237,523,182
E. Foreign Exchange Gain/(Loss)-FC A/C		2,749	2,476
F. Opening cash and cash equivalents		248,901,502	11,375,844
G. Closing cash and cash equivalents (D+E+F)		265,408,223	248,901,502
Net Operating Cash Flow Per Share (NOCFPS)	33.00	2.49	2.31

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

 **Chairma**
  **Managing Director**
  **Director**
  **Chief Financial Officer**
  **Company Secretary**

As per our annexed report of even date

Place: Dhaka

Dated: October 27, 2022



FAR Chemical Industries Limited

Notes to the Financial Statements
For the year ended June 30, 2022

1.0 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 vide incorporation no. C-66261(3753)/07 with its corporate office at House No: 11 (Floor: 5-A), Road No: 12, Niketon, Gulshan-1, Dhaka-1212 and Registered office is situated at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh. The production unit has been shifted from EPZ, Cumilla to Rupganj, Narayanganj. 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

a) 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.

b) The Company has undertaken business expansion for Spinning Unit at Rupganj, Narayanganj. Hence, in addition to the chemical business, the business activities of the company are also to carry on textile spinning for 100% export-oriented dyeing/textile industries.

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 2012;
The Value Added Tax Rules 2016
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.

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

2.07 Reporting Period

The financial period of the companies covers one year from 1 July 2021 to 30 June 2022 and is followed consistently.

2.08 Cash Flow Statement

Statement of cash flows is prepared in accordance with "IAS 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 3.19 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 3.20.
- 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	Employees Benefits	19
9	The Effects of Changes in Foreign Exchange Rates	21
10	Borrowing Costs	23
11	Related Party Disclosures	24
12	Accounting and Reporting by Retirement Benefit Plans	26
13	Interest in Joint Ventures	31
14	Earnings Per Share	33
15	Impairment of Assets	36
16	Provision, Contingent Liabilities and Contingent Assets	37

SL. No.	Name of the IFRS	IFRS No
1	Financial Instruments: Disclosures	7
2	Operating Segments	8
3	Financial Instruments	9
4	Disclosure of Interests in Other Entities	12
5	Revenue from Contracts with Customers	15
6	Leases	16

- 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 (Cumilla 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%
ROU Assets (Leased Land)	(on straight line on the basis of leased tenure)

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, 2022
- ii. Statement of Profit or Loss and other comprehensive income for the financial year ended on 30 June, 2022
- iii. Statement of Cash Flows for the financial year ended on 30 June, 2022
- iv. Statement of changes in equity for the financial year ended on 30 June, 2022
- v. Accounting policies and explanatory notes for the financial year ended on 30 June, 2022

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;

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

Sales Revenue has declined during the Year 2021-2022 than the previous year due to lower unit selling price because of shifting process of the factory plant, Equipment and Machineries from EPZ- Cumilla to own premises at Rupgonj, Narayangonj.

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 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 rate ruling at the date of transactions. Foreign exchange fluctuation gain/losses are charged to statement of Profit or Loss and Other Comprehensive Income whenever arise.

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 Leased Assets

The company made renewable lease arrangement for 4,000 Sq. meters (approximately) land with Bangladesh Export Processing Zone Authority (BEPZA) for industrial Plot #135-136 in Cumilla EPZ on 15 October 2008 for 30 years. The land has surrendered to the BEPZA authority during the reporting year and the factory has been shifted to Rupganj, Narayanganj.

In the context of the application of IFRS 16, right-of-use assets and lease liabilities were recognized onward on 1 July 2019. The Company transitioned to IFRS 16 in the last year. In addition, the Company has decided not to apply the new guidance to leases whose term will end within twelve months of the date of initial application and leases of low-valued assets. The asset is written off on a straight-line basis over the rest tenure of the lease agreements onward from 1 July, 2019. Hence, the useful life of any lease assets depends on the number of periods the assets can be used. The useful life of such assets is dependent on individual agreement and can vary from one agreement to another. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In calculating the present value of lease payments, the company uses incremental borrowing rate which is at present @ 9% at the date of commencement of IFRS 16 by the company for leased assets because the interest rate implicit in the lease is not readily determinable.

However, plots # 135-136 of the EPZ Cumilla handed over to the EPZ authority and has obtained taking over certificate on 15 February 2022, Reference no. 03.06.1933.325.33.571.08-131, due to shifting of the factory from EPZ Cumilla to its own premises at Rupganj, Narayanganj. Lease installment payments for the period have been considered as an operating lease.

3.07.1 Measurement of lease payments

In the reporting year, depreciation, interest expenses, impairment losses etc. for the reporting period in connection to the lease recognized as expense in the income statement as per requirement of IFRS 16.

3.08 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.

3.09 Taxation

3.09.1 Current Tax

Provision for income tax has been made as per Income Tax Ordinance 1984 as applicable for the publicly listed company.

3.09.2 Deferred Tax

Deferred tax arises due to temporary difference deductible or taxable for the transaction. 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 as per "IAS 12: Income Tax. Calculation of deferred tax has shown in note no. 15.00.

3.10 Provisions

The preparation of financial statements in conformity with International Accounting Standard IAS - 37 Provisions, Contingent Liabilities and Contingent Assets requires management to make estimates and assumption that affect the reported amounts of revenues and expenses, assets and liabilities, and the disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

In accordance with the guidelines as prescribed by IAS - 37 provisions were recognized in the following situations:

- When the Company has a present obligation as a result of past event;
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- Reliable estimates can be made of the amount of the obligation.

An appropriate level with regard to an adequate provision for risks and uncertainties has been shown in the Statement of Financial Position. An amount recorded as a provision represents the best estimate of the probable expenditure required to fulfill the current obligation on the date of Statement of Financial Position.

3.11 Contingencies

Contingent liabilities and assets are current or possible obligations or assets, arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events which are not within the control of the company. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets are disclosed in the notes to the financial statements.

3.12 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.

3.13 Segment Reporting

No segmental reporting is applicable for the company as required by "IFRS 08: Operating Segments" as the company operates in a single industry segment during the reporting period. Company has undertaken expansion of Spinning Unit at Rupganj, Narayanganj at same location and adjacent to its Chemical Unit which is under construction in the reporting year of which information has been disclosed in the accounts.

3.14 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.

The company has completed construction work of spinning unit in its own premises at Rupgonj Narayanganj and has started its trial production on October 17, 2022 of which commercial production has been planned to be started in the month of November 2022.

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.

3.15 Employee Benefits

3.15.1 Worker's Profit Participation

In 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. After transfer the factory from EPZ-Cumilla to Rupganj-Narayanganj, the management board is yet to reestablish the fund.

3.15.2 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. The Company has settled all the fund liabilities along with compensation benefits to the workers and staffs as per BEPZA rule while transferred its factory from EPZ-Cumilla to Rupganj-Narayanganj. Re-establishment of the fund or provision thereof is yet to decisive until restart of the factory at new location.

3.15.3 Workers Welfare Fund

The company has been paying against "Workers Welfare Fund" to BEPZA since 1st February 2013 in compliance to the requirement of BEPZA rules. The management of the fund is maintained by BEPZA according to the rules & guidelines imposed under the style of 'Constitution and Operation Procedure of EPZ Worker's Welfare Fund 2012'. Re-establishment of the fund or provision thereof is yet to decisive until restart of the factory at/for new location.

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 amounts 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	Tk. 00
Gross trade and other receivable	
Less: Related Parties	Tk. 00
Net from Customers	Tk. 00

The company need not to made any provision. The aging profile to the trade debts overdue is as follows:

Time duration	Gross Amount	Impairment
Upto 6 months	-	-
Over 6 months	-	-
Total	-	-

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	-	-	-	-	-
Short term borrowing	798,537,964	798,537,964	798,537,964	798,537,964	-
Total	798,537,964	-	798,537,964	798,537,964	-

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 30, 2022 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 and Proposed Dividend

The financial statements were authorized for issue on 27 October, 2022 by the board of the Directors of the company. Board of Directors recommended 'No dividend' for the financial year ended 30th June, 2022. Therefore, such recommendation of dividend approval is depended on subject to approval by the shareholders at the company's forthcoming AGM.

3.18 Impact of Covid-19 and Decline of Revenue

There are no going concern threats due to Covid-19 as the company has adequate resources to continue in future. However, being a deemed export-oriented company, it has been facing global impact of Covid-19. During the year the company has sold its inventories only at a lesser price because of shifting process of the factory from EPZ Cumilla to its newly constructed factory at Rupgonj, Narayangonj.



		Amount in Taka	
		June 30, 2022	June 30, 2021
4.00	Property, plant & equipment		
	At cost		
	Opening balance	3,044,880,670	2,604,783,759
	Addition during the year	1,206,739,980	440,096,911
		4,251,620,650	3,044,880,670
	Less: Disposal/Adjustment due to shifting of factory from CEPZ to Narayangonj	(449,561,887)	-
		3,802,058,763	3,044,880,670
	Accumulated depreciation		
	Opening balance	721,621,220	670,391,786
	Charged during the year	46,736,618	51,229,434
		768,357,837	721,621,220
	Less: Disposal/Adjustment due to shifting of factory from CEPZ to Narayangonj	(135,859,469)	-
		632,498,368	721,621,220
	Written down value as on June 30	3,169,560,395	2,323,259,450
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
	Less: Realized from EPZ Cumilla due to surrender of plot # 135-136	1,548,471	-
		-	1,548,471
6.00	Inventories		
	Raw materials	-	13,847,835
	Work-in-process	-	589,743
	Packaging materials	-	259,786
	Finished goods	-	9,854,366
	Store items	56,547	236,547
		56,547	24,788,277
6.01	Raw materials		
	Opening stock	13,847,835	341,647,339
	Add: Purchase during the year	-	3,113,600
	Raw materials available for production	13,847,835	344,760,939
	Less: Input to production	13,847,835	330,913,104
		-	13,847,835
6.02	Work-in-process		
	Opening work-in-process	589,743	10,259,547
	Add: Current year	14,107,621	339,759,916
		14,697,364	350,019,463
	Less: Transfer to finished goods	14,697,364	349,429,720
		-	589,743
6.03	Packaging materials		
	Opening stock	259,786	8,976,751
	Add: Purchase during the year	-	129,847
		259,786	9,106,598
	Less: Consumption during the year	259,786	8,846,812
		-	259,786
6.04	Finished goods		
	Opening stock	9,854,366	168,777,293
	Add: Production during the year	101,505,226	450,822,281
	Less: Cost of free issue	-	(22,500)
	Production available for export	111,359,592	619,577,074
	Less: Cost of goods sold	111,359,592	609,722,708
		-	9,854,366
6.05	Store items		
	Opening stock	236,547	5,931,587
	Add: Purchase during the year	-	87,593
		236,547	6,019,180
	Less: Consumption during the year	180,000	5,782,633
		56,547	236,547



Amount in Taka	
June 30, 2022	June 30, 2021

7.00 Trade receivables

Opening balance	545,775,447	581,905,470
Add: Export during the year	34,872,966	591,668,471
Less: Realization during the year	580,648,413	627,798,494
	-	<u>545,775,447</u>
Receivables due over six months	-	310,527,554
Receivables due below six months	-	235,247,893
	-	<u>545,775,447</u>

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

Particulars	30-06-2022	30-06-2021
i. Receivables considered good in respect of which the company is fully secured	-	315,622,154
ii. Receivables considered good in respect of which the company holds no security other than the debtor personal security	-	235,247,893
iii. Receivables considered doubtful or bad	-	-
iv. Receivables due by directors or other officers & staffs	-	-
v. Receivables due from companies under same management	-	5,094,600
vi. The maximum amount of receivable due by any director or other officer of the company	-	-

7.01 Movement of Trade Receivable

Opening Balance	545,775,447	581,905,470
Add: Export/ Credit Sales during the year	34,872,966	591,668,471
Less: Realized during the year	580,648,413	627,803,982
	-	<u>545,775,447</u>

8.00 Advances, deposits and prepayments

Sundry Advances	8.01	6,676,057	53,953,960
Advance Salary		1,879,354	2,295,185
Advance Income Tax	8.02	3,721,094	3,149,901
		<u>12,276,505</u>	<u>59,399,046</u>

8.01 Sundry Advances

Mr. Uttam Kumar	271,591	1,916,205
Mr Sajedur Rahman	142,297	-
M/S. Gazi Enterprise	-	21,338
M/S. Omer Electrical Engineering Works	24,784	238,404
Md. Abul Khair Manik	1,106,832	13,808,979
Advance against LC Commission	-	1,783,713
Advance against Insurance	-	817,000
Advance Tech. Engineering Ltd	350,000	-
Square Electric Co.	650,000	-
Advance to Narayangonj Palli Biddut Smriti-2	-	408,270
Premier Cement Mills Ltd.	-	8,785,746
Shah Cement Industries Ltd.	-	9,087,654
M/S Mofazzal & Brothers	-	2,654,876
Karim Carrier Services	1,025,174	-
Delta Transport Service	1,323,297	-
M/S. Zubair Construction	1,782,082	3,687,452
M/S Hasin Textile Mills	-	2,789,541
M/S. Abul Khair Steel Melting Ltd	-	7,954,782
	<u>6,676,057</u>	<u>53,953,960</u>

8.02 Advance Income Tax

Opening balance	3,149,901	-
Addition during the year-Export	2,903,242	3,138,992
Addition during the year-Interest Income	817,852	10,909
	<u>6,870,995</u>	<u>3,149,901</u>
Less: Adjustment during the year	3,149,901	-
	<u>3,721,094</u>	<u>3,149,901</u>



		Amount in Taka	
		June 30, 2022	June 30, 2021
8.03	Movement of Advances, Deposits and Prepayments		
	Opening Balance	59,399,046	23,608,225
	Add: Addition during the year	10,987,414	78,115,440
		70,386,460	101,723,665
	Less: Adjustment during the year	60,609,251	42,324,619
		<u>9,777,209</u>	<u>59,399,046</u>
9.00	STD Account (IPO)		
	STD Account (BRAC Bank)	2,945,000	2,945,000
	Less: Transferred to the CMSF	(2,945,000)	-
		<u>-</u>	<u>2,945,000</u>
	Transferred total amount to the Capital Market Stabilisation Fund on 11 October 2021 as per Directive No. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 of Bangladesh Securities Exchange Commission and the Bangladesh Securities Exchange Commission (Capital Market Stabilization Fund) Rules, 2021.		
10.00	STD Account - Dividend		
	STD Account (SBACBL)	675,784	617,827
		<u>675,784</u>	<u>617,827</u>
11.00	Cash and Cash equivalents		
	Cash in hand - Head Office	29,096	155,612
	Cash in hand - Factory	148,791	921,725
	Cash at bank:		
	Al-Arafah Islami Bank Ltd	8,785,739	48,869,322
	Social Islami Bank Limited	65,780	65,015
	Social Islami Bank Limited	373,992	1,307,682
	SBAC Bank Limited	1,760,608	1,582,146
	Islami Bank Bangladesh Limited	68,550	-
	Cash at bank: FDR (Notes - 11.01)	254,175,667	196,000,000
		<u>265,408,223</u>	<u>248,901,502</u>
11.01	Cash at bank: FDR		
	Al-Arafah Islami Bank Ltd # 9398	41,422,690	40,000,000
	Al-Arafah Islami Bank Ltd # 9409	41,422,690	40,000,000
	Al-Arafah Islami Bank Ltd # 9411	41,422,690	40,000,000
	Al-Arafah Islami Bank Ltd # 9422	20,696,211	20,000,000
	Al-Arafah Islami Bank Ltd # 9455	41,514,031	40,000,000
	Al-Arafah Islami Bank Ltd # 9477	16,281,285	16,000,000
	Al-Arafah Islami Bank Ltd # 9578	9,160,331	-
	Al-Arafah Islami Bank Ltd # 9646	12,733,056	-
	Al-Arafah Islami Bank Ltd # 15881	12,500,000	-
	Al-Arafah Islami Bank Ltd # 9848	1,121,683	-
	Al-Arafah Islami Bank Ltd # 11031	5,450,000	-
	Al-Arafah Islami Bank Ltd # 11075	2,044,000	-
	Al-Arafah Islami Bank Ltd # 11119	2,080,000	-
	Al-Arafah Islami Bank Ltd # 11132	2,802,000	-
	Al-Arafah Islami Bank Ltd # 11143	2,102,000	-
	Al-Arafah Islami Bank Ltd # 11154	1,423,000	-
		<u>254,175,667</u>	<u>196,000,000</u>
12.00	Share capital:		
12.01	Authorized share capital :		
	300,000,000 ordinary shares of Taka 10/= each.	<u>3,000,000,000</u>	<u>3,000,000,000</u>
12.02	Issued, subscribed and paid-up capital:		
	218,093,423 Ordinary Shares of Tk. 10/- each fully paid-up.	<u>2,180,934,230</u>	<u>2,180,934,230</u>



Amount in Taka	
June 30, 2022	June 30, 2021

The shareholding position of the company are as under:

Name	No. of shares	Percentages (%)	Amount in Taka
Sponsors & Directors	65,957,620	30.24%	659,576,200
Local Institutions	28,572,075	13.82%	285,720,750
General Shareholder	123,563,728	55.94%	1,235,637,280
Total	218,093,423	100.00%	2,180,934,230

12.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2022.

Ranges of Shareholdings	30-06-2022		30-06-2021	
	No. of Holder	% of holding	No. of Holder	% of holding
Less than or equal to 500 Shares	3,270	17.94%	2,723	19.90%
501 to 1,000 Shares	2,865	15.72%	1,897	13.86%
1,001 to 5,000 Shares	7,192	39.46%	4,621	33.77%
5,001 to 10,000 Shares	2,215	12.15%	1,750	12.79%
10,001 to 20,000 Shares	1,420	7.79%	1,367	9.99%
20,001 to 30,000 Shares	491	2.69%	470	3.43%
30,001 to 40,000 Shares	223	1.22%	231	1.69%
40,001 to 50,000 Shares	164	0.90%	144	1.05%
50,001 to 100,000 Shares	253	1.39%	252	1.84%
100,001 to 1,000,000 Shares	123	0.67%	211	1.54%
Over 1,000,000 Shares	12	0.07%	19	0.14%
Total	18,228	100.00%	13,685	100.00%

13.00 Retained earnings

Opening balance	808,776,253	864,711,493
Less: Dividend Paid	(21,809,343)	(21,809,343)
	786,966,910	842,902,150
Add: Profit during the year	(84,200,688)	(34,125,897)
Less: Loss on disposal/adjustment of various fixed assets (13.01)	(244,060,927)	-
	458,705,295	808,776,253

13.01 Loss on sale/dispose off various Fixed Assets:

Proceeds realization from sale of factory shade etc	64,663,375	-
Accumulated Depreciation of various assets	135,859,469	-
Cost of disposal Assets as mentioned in the fixed assets sch.	(449,561,887)	-
Lease Liability	4,978,116	-
	(244,060,927)	-

14.00 Lease Liability

Opening balance	5,460,252	5,734,605
Less: Payment of installments	(482,136)	(274,353)
Less: Adjustment due to handover of the plots to the EPZ authority	(4,978,116)	-
	-	5,460,252

15.00 Deferred Tax

Opening balance	-	-
Add: Current year charged	-	-
	-	-

16.00 Term Loan - Current

Al-Arafah Islami Bank Ltd, Pragati Sarani Branch		
Deferred/UPAS	494,733,000	-
	494,733,000	-

16.01 Al-Arafah Islami Bank Limited sanctioned a limit for Tk 90.75 crore to procure capital machineries and working capital for import of Raw materials and stock of raw materials, work in process and finished goods. The sanctions are in the form of:

- HPSM Machinery (L/Cs- Deferred/ UPAS) limit for Tk 30.75 crore
- Working Capital (LCs- Sight/Deferred/UPAS/EDF) limit for Tk 60.00 crore to import/procure all types raw materials, spare parts and chemicals etc.

Terms and Conditions :

- Rate of profit 6.00% for UPAS Period and 9% for Project Loan period.
- Validity upto 7 years subject to renewable every year.



		Amount in Taka	
		June 30, 2022	June 30, 2021
17.00 Short term borrowings			
Lease Liability	17.01	-	143,277
Short term borrowings - Unsecured	17.02	303,804,964	195,591,000
		<u>303,804,964</u>	<u>195,734,277</u>
17.01 Short term borrowings			
Lease Liability		-	143,277
		<u>-</u>	<u>143,277</u>
17.02 Short term borrowings - Unsecured			
Samin Food and Beverage & Textile Mills Ltd		41,636,964	22,091,000
MN Industries Ltd		84,900,000	84,900,000
Rezwana Rahman Rini		88,600,000	88,600,000
SF Textile Ind. Ltd.		76,168,000	-
Rajon Industries Ltd.		12,500,000	-
		<u>303,804,964</u>	<u>195,591,000</u>
18.00 Provision for Income Tax			
Opening balance		3,176,822	-
Add: Current year charged		5,154,055	3,176,822
Less: Adjustment		(3,149,901)	-
		<u>5,180,976</u>	<u>3,176,822</u>
19.00 Refundable Deposits (IPO)			
General Public Subscription Money		2,945,000	2,945,000
Less transferred to the CMSF		(2,945,000)	-
		<u>-</u>	<u>2,945,000</u>
<div style="border: 1px solid black; padding: 5px;"> Transferred total amount to the Capital Market Stabilisation Fund (CMSF), on 11 October 2021 as stated in note : 09. </div>			
20.00 Unpaid or Unclaimed Dividend Account			
Dividend payable	20.01	675,784	617,827
		<u>675,784</u>	<u>617,827</u>
20.01 Dividend payable			
For the Financial Year 2015-2016		190,845	190,845
For the Financial Year 2019-2020		426,982	426,982
For the Financial Year 2020-2021		248,803	-
		866,629	617,827
Less: Transferred to the CMSF for the FY-2015-2016		(190,845)	-
		<u>675,784</u>	<u>617,827</u>
<div style="border: 1px solid black; padding: 5px;"> Dividend for the F/Y 2015-2016 has transferred to the Capital Market Stabilisation Fund on 07 October 2021 as per Directive No. BSEC/CMRRCD/2021-386/03, dated 14 January 2021 of Bangladesh Securities Exchange Commission and the Bangladesh Securities Exchange Commission (Capital Market Stabilization Fund) Rules, 2021. </div>			
21.00 Creditors and accruals			
Electricity bill		-	45,242
Water bill		-	13,259
Medical subscription-BEPZA		-	21,662
Employee Welfare Fund		-	8,495
Automation Service-BEPZA		-	1,000
Land Rent		-	162,530
Bangladesh Association of Publicly Listed Companies		50,000	50,000
Dhaka Stock Exchange Ltd		600,000	600,000



	Amount in Taka	
	June 30, 2022	June 30, 2021
Chittagong Stock Exchange Ltd	600,000	600,000
Central Depository Bangladesh Ltd	234,899	128,899
Salaries and wages	990,750	1,957,487
Director remuneration and fees	50,000	50,000
Sundry creditors	337,667	364,587
M/S Jubair Construction	37,330	49,877
DBL Ceramics Ltd	328,743	-
Partex Cables Ltd	300,081	-
Audit and professional fees	300,000	300,000
M/S Alhaj Supply & Transport	40,006	65,479
M/S Khan Associates	73,730	106,458
Masud Steel Design BD. Ltd	-	5,065,384
	3,943,206	9,590,359
22.00 Revenue		
Softening Agent	6,853,974	133,853,876
Scouring Agent	6,383,134	90,137,791
Anti-Foaming Agent	2,976,147	60,816,131
Levelling Agent	1,994,743	51,704,125
Fixing Agent	3,749,582	60,520,537
Stabilizer	4,752,547	71,252,811
Retarding Agent	1,883,773	71,783,098
Bleaching Agent	1,788,579	21,208,561
Others	4,490,487	30,391,541
	34,872,966	591,668,471
23.00 Cost of sales		
Raw materials consumed-Chemicals (Note-23.01)	13,847,835	330,913,104
Packaging materials consumed (Note-23.02)	259,786	8,846,812
	14,107,621	339,759,916
Add: Work in process- Opening	589,743	10,259,547
	14,697,364	350,019,463
Less: Work in process- Closing	-	589,743
Total consumption	14,697,364	349,429,720
Add: Manufacturing overhead (Note-23.03)	40,632,084	50,777,880
Add: Depreciation (Annexure-A)	46,175,778	50,614,681
Cost of production	101,505,226	450,822,281
Add: Finished goods - opening	9,854,366	168,777,293
	111,359,592	619,599,574
Less: Finished goods - closing	-	9,854,366
Change of finished goods stock	111,359,592	609,745,208
Less: Cost of free issue	-	22,500
	111,359,592	609,722,708
23.01 Raw materials consumed-chemicals		
Opening Stock	13,847,835	341,647,339
Add: Purchase during the period	-	3,113,600
Raw materials available for production	13,847,835	344,760,939
Less: Closing Stock	-	13,847,835
Consumption during the period	13,847,835	330,913,104
23.02 Packaging materials consumed		
Opening Stock	259,786	8,976,751
Add: Purchase during the period	-	129,847
Consumable Item available for packing.	259,786	9,106,598
Less: Closing Stock	-	259,786
Consumption during the period	259,786	8,846,812



	Amount in Taka	
	June 30, 2022	June 30, 2021
23.03 Manufacturing overhead		
Salaries and wages	34,644,726	21,884,153
Fuel, water and power	3,079,382	13,451,219
Printing and stationary	175,790	401,257
Conveyance expenses	167,132	426,879
Mobile bill	52,500	52,500
Store and spares consumed (Note-6.05)	180,000	5,782,633
Rent, rates and taxes	473,712	4,382,331
Medical expenses	157,806	367,822
Food and Tiffin	420,033	1,046,814
Labor charge	668,251	1,355,396
Repair and maintenance (Note-23.03.1)	63,705	173,797
Carrying Charge	392,206	522,081
Other overhead	156,841	930,998
	40,632,084	50,777,880
23.03.1 Repairs and maintenance		
Plant and Machinery	54,704	142,116
Buildings	9,001	29,147
Others	-	2,534
	63,705	173,797
24.00 Selling and distribution expenses		
Salaries and wages	3,401,437	2,037,040
Transportation and handling expenses	311,783	1,901,580
Repairs and maintenance	16,467	71,248
Rent	180,000	360,000
Electricity & water	67,853	499,420
Sales promotion expenses	-	30,500
Traveling expenses	82,078	207,806
Entertainment expenses	7,985	57,924
Miscellaneous expenses	1,580	36,980
Sample, test and analysis	-	90,845
Cost of free issue	-	22,500
Depreciation (Annexure-A)	168,252	184,426
	4,237,435	5,500,269
25.00 Administrative expenses		
Salaries and wages	1,886,639	1,101,534
Postage and telecommunication	2,579	20,311
Traveling, haulage and passage	115,749	310,898
Repair and maintenance	34,571	84,417
Electricity, fuel and water	36,542	377,640
Printing and stationery	12,587	32,342
Rent, rates and taxes	1,414,200	2,596,610
Subscription and donation	22,478	82,549
Entertainment	20,400	26,478
Legal and professional Charge	10,000	16,000
Audit and professional fees	300,000	300,000
Miscellaneous expenses	10,600	14,500
News paper and periodicals	1,309	2,400
AGM/EGM expenses	184,571	146,100
Director remuneration	600,000	600,000
Board meeting attendance fees	74,000	72,000
Depreciation (Annexure-A)	392,588	430,327
	5,118,813	6,214,106
26.00 Employee welfare expenses		
	675,703	752,675
	675,703	752,675
27.00 Financial expenses		
Bank Charges	235,784	48,794
Lease payment to EPZ Cumilla	482,136	511,773
	717,920	560,567

	Amount in Taka	
	June 30, 2022	June 30, 2021
28.00 Foreign Exchange Gain/(Loss)		
Exchange Gain/(Loss)	5,089	6,679
	<u>5,089</u>	<u>6,679</u>
29.00 Other income		
Sale of wastage	6,255	17,006
Interest Income	8,178,519	109,093
	<u>8,184,774</u>	<u>126,099</u>
30.00 Income Tax Expenses		
Current Tax on operating income (Notes -30.01)	2,903,242	3,138,992
Current Tax on other income	2,250,813	37,830
Deferred Tax (Notes - 30.02)	-	-
	<u>5,154,055</u>	<u>3,176,822</u>
30.01 Current Tax		
Profit before Tax	(79,046,633)	(30,949,075)
Less: Other Income	8,184,774	
Add: Depreciation as Accounting base	46,736,618	51,229,434
Less: Depreciation as Tax base	43,571,609	71,342,090
Taxable Income or (Loss)	<u>(84,066,399)</u>	<u>(51,061,731)</u>
Tax Rate	20.00%	25.00%
Current Tax	<u>(16,813,280)</u>	<u>(12,765,433)</u>
Minimum Tax	2,903,242	3,138,992
So, Current Tax during the year, higher one- 82C	<u>2,903,242</u>	<u>3,138,992</u>
30.02 Deferred Tax		
Property, Plant & Equipment		
Carrying amount as Accounting base	3,169,560,395	2,323,259,450
Carrying amount as Tax base	<u>2,977,696,862</u>	<u>1,532,634,885</u>
Difference	191,863,533	790,624,565
Tax Rate	20%	25%
Total maximum deferred tax liability at the end of the year	38,372,707	197,656,141
Total maximum deferred tax liability at the beginning of the year	-	-
Total maximum deferred tax for the year	<u>38,372,707</u>	<u>197,656,141</u>
Total tax for the year	5,154,055	3,176,822
Less: Current tax (Minimum tax on realization and tax on other income) for the year	5,154,055	3,176,822
Deferred tax as per total tax liability	-	-
Deferred tax for the year	<u>-</u>	<u>-</u>
31.00 Basic earnings per share for the year:		
a) Net Profit after Tax	(84,200,688)	(34,125,897)
b) Weighted average number of shares outstanding (Note-31.01)	<u>218,093,423</u>	<u>218,093,423</u>
Basic Earnings per share (EPS) (a/b)	<u>(0.39)</u>	<u>(0.16)</u>
Basic earnings per share (Adjusted)	<u>(0.39)</u>	<u>(0.16)</u>
31.01 Weighted average number of shares outstanding		

For the year 2021-2022

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	218,093,423	365/365	218,093,423
Total	218,093,423		218,093,423

For the year 2020-2021

Particulars	Number of Share	Weight	Weighted average no. of Shares
Opening Shares	198,266,748	365/365	218,093,423
Bonus Shares	19,826,675	365/365	-
Total	218,093,423		218,093,423

Amount in Taka	
June 30, 2022	June 30, 2021

32.00 Net Assets Value (NAV) per share		
Total Assets	3,447,977,454	3,207,235,020
Less: Total outside liability	808,337,929	217,524,536
a. Net Asset Value	2,639,639,525	2,989,710,483
b. Total number of shares outstanding	218,093,423	218,093,423
Net Assets Value (NAV) per share (a/b)	12.10	13.71
33.00 Net operating cash flow per share (NOCFPS)		
a) Net Operating Cash Flow (Numerator)	542,963,783	503,969,512
b) No of Shares outstanding	218,093,423	218,093,423
Net operating cash flow per share (NOCFPS) (a/b)	2.49	2.31
34.00 Reconciliation of cash generated by operations		
Net Profit/(Loss) Before Tax	(79,046,633)	(30,949,075)
Add: Depreciation	46,736,618	51,229,434
Increase/Decrease in inventory	24,731,730	510,804,240
Increase/Decrease in bills receivables	545,775,447	36,130,023
Increase/Decrease in advance, deposits & prepayments	12,589,147	(32,640,921)
Increase/Decrease in bills payables	-	(32,426,095)
Income tax paid	(3,721,094)	(3,149,901)
Increase/Decrease in creditors & accrues	(5,647,154)	4,974,283
Foreign Exchange Gain	(2,749)	(2,476)
	541,415,312	503,969,512



35.00 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	Amount of Transaction	Outstanding Balance as at June 30, 2022
M.L. Dyeing Limited	Sale of Goods	5,094,600	-
		Total	-

36.00 Production and product mix

Production capacity per year 11,000,000 Kg and during the year company produces 306,387 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	61,614	20.11%
Scouring Agent	15,656	5.11%
Anti-Foaming Agent	9,958	3.25%
Levelling Agent	10,325	3.37%
Fixing Agent	23,010	7.51%
Stabilizer	22,091	7.21%
Retarding Agent	32,906	10.74%
Bleaching Agent	34,806	11.36%
Others	96,022	31.34%
Total	306,387	100.00%

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

Employee Position (as on June 30, 2022)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 6300	11	5	19	35
Above 6300	8	13	78	99
Total	19	18	97	134



36.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, 2021 to June 30, 2022

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

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

Name of Board of Directors	Designation	Director Remuneration	Meeting attending fees	Total Taka
Mr. Abid Mustafizur Rahman	Chairman	-	16,000	16,000
Md. Shirazul Haque (Representative of FAR Pharmaceuticals Ltd.)	MD	600,000	16,000	616,000
Md. Mehedi Hasan (Representative of S.S Energy Explosion Ltd.)	Director	-	16,000	16,000
Mr. Sayed Md. Tajon Islam	Independent Director	-	16,000	16,000
Mrs. Afroza Nilufa Yeasmin	Independent Director	-	10,000	10,000
Total		600,000	74,000	674,000

37.00 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 except note- 3.19.



38.00 Other commitments, contingencies and relevant information

38.01 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, 2022 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

Particulars	01-07-2021 to 30-06-2022		01-07-2020 to 30-06-2021	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export- Sales	306,387	34,872,966	5,078,263	591,668,471
Total	306,387	34,872,966	5,078,263	591,668,471

38.02 Capital expenditure commitment

The company has constructed a Chemical Unit and a Spinning Unit on 342.46 decimal land at Rupganj, Narayanganj as earlier commitment. Plant and Machinaries and equipment cost will be required for both the units which will be incurred in the next year.

38.03 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.

38.04 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, 2022

Annexure-A

Particulars	Cost			Rate of depreciation/amortization	Depreciation			Written Down Value as at June 30, 2022
	Balance as on July 01, 2021	Addition during the year	Disposal during the year		Balance as on June 30, 2022	Charged during the year	Adjustment during the year	
Leasehold land development	35,030,163	-	(35,030,163)	3.33%	-	816,548	(11,325,750)	-
Land and Land development	1,209,467,171	-	-	0%	1,209,467,171	-	-	1,209,467,171
Factory building	325,449,642	-	(325,449,642)	2.5%	-	6,566,106	(69,371,497)	-
Factory building-Spinning Unit	296,077,745	26,901,793	-	2.5%	322,979,538	-	-	322,979,538
Factory building-Chemical Unit	143,658,734	15,173,154	-	2.5%	158,831,888	-	-	158,831,888
Plant and machinery	835,260,970	-	-	10%	835,260,970	30,155,858	-	563,858,250
Plant and machinery-Spinning Unit	-	1,141,776,401	-	10%	1,141,776,401	-	-	1,141,776,401
Electrical installation	64,769,413	-	(64,769,413)	10%	38,300,254	2,646,916	(40,947,170)	-
Electrical installation-Spinning Unit	360,432	19,647,070	-	10%	20,007,502	-	-	20,007,502
Compressor	81,106,070	-	-	10%	81,106,070	3,600,755	-	48,699,272
Fork lift	15,562,879	-	-	10%	15,562,879	629,312	-	9,899,067
Water line installation	18,458,150	3,241,562	(18,458,150)	10%	10,491,085	796,706	(11,287,792)	3,241,562
Office equipment	7,435,521	-	-	10%	7,435,521	317,671	-	4,576,484
Furniture and Fixture	6,389,261	-	-	20%	5,234,302	230,992	-	5,465,294
Sub-total	3,039,026,151	1,206,739,980	(443,707,368)		719,669,715	45,760,864	(132,932,209)	632,498,368
Leased Assets	5,854,519	-	(5,854,519)		1,951,506	975,753	(2,927,259)	-
Grand-total	3,044,880,670	1,206,739,980	(449,561,887)		721,621,220	46,736,618	(135,859,469)	632,498,368
Balance as on June 30, 2022	3,044,880,670	1,206,739,980	(449,561,887)		721,621,220	46,736,618	(135,859,469)	632,498,368
Balance as on June 30, 2021	2,604,783,759	440,096,911	-		670,391,787	51,229,434	-	2,323,259,450

Allocation of depreciation
Cost of sales (Note-21) 46,175,778
Selling and Distribution Expenses (Note-22.00) 168,252
Administrative Expenses (Note-23.00) 392,588
46,736,618

