

Private & Confidential

**Auditor's Report and Financial Statements
of
FAR Chemical & Textile Ind. PLC
For the Year Ended 30 June 2023**

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

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

FAR Chemical & Textile Ind. PLC

For the Year Ended 30 June 2023



**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 2023 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 2023, 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

We draw attention to the following matter

- As stated in note no.3.19.1 Amalgamation/Merger of S.F. Textile Industries Ltd. with FAR Chemical Industries Ltd. the company is merging with S.F. Textile Industries Ltd. The operation of FAR Chemical Industries Ltd's Chemical unit was suspended (no impairment made on the chemical unit refer to IAS 36) for shifting of factory facilities from CEPZ to Rupgonj own premises and running the Spinning unit from October 2022. But due to operation in the new facilities of Spinning unit and hike purchase price of raw materials globally impact the losses as stated in Note 3.18.
- The company stated in the Note-3.09.2 the fact refers to not comply with the applicability of deferred Tax.
- FAR Chemical Industries Limited didn't maintain Employee Benefit plans, which include the Contributory Provident Fund, Gratuity and Workers Profit Participation Fund(WPPF) by the applicable provision.





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
Revenue recognition	
<p>At year end the company reported total revenue of BDT. 542,553,420. 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;- 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 25 for details]</i></p>
Valuation of Inventory	
<p>The inventory of BDT 330,463,495. as at 30th June 2023, held in warehouses and across multiple product lines in the factory.</p> <p>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-</p>	<p>We challenged the appropriateness of management's assumptions applied in calculating the value of the inventory provisions by:</p> <ul style="list-style-type: none">- Evaluating the design and implementation of key inventory controls operating across the company's factory and warehouse;





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 have reconciled the inventory with purchase, production and sales to ensure the shown stock as on date was accurate.
- Reviewing the historical accuracy of inventory provisioning and the level of inventory write-offs during the year;
- We have considered the risk of inventory being expired/damaged due to the effect of COVID-19 and checked whether any provision was required for any such expiry/ obsolesce.
- 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;
- Obtaining a detailed review with the subsequent sales to compare with the net realizable value.

[See note number 07 for details]

Management's Consideration of the Potential Impact of COVID-19

Management has made estimates and judgments that there was limited adverse impact of COVID-19 on the company.

In doing so, management have made estimates and judgments that are critical to the outcomes of these considerations with particular focus on the company's ability to continue as a going concern for a period of at least 12 months from the date of the signing of the financial statements.

As a result of the impact of COVID-19 on the wider financial markets we have determined management's consideration of the potential impact of COVID-19 (including their associated estimates and judgments) to be a key audit matter.

Our audit included the following procedures:

- We obtained management's most recent financial results forecasts and liquidity analysis underlying their going concern assessment and tested the integrity of the forecasts, including mathematical accuracy.
- We challenged management on the key assumptions included in the scenarios and we subjected management's most recent forecasts to additional stress testing to confirm that both management and the Board have considered a balanced range of outcomes in their assessment of the potential impact of COVID-19.
- Based on our procedures, we have not identified any other matters to report with respect to both management's and the Board's considerations of the potential impact of

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	COVID-19 on the current and future operations of the company. <i>[See note number 3.18 for details]</i>
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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

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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.

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

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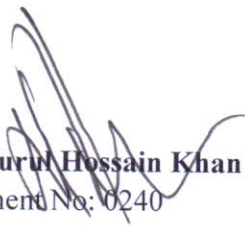


Report on other Legal and Regulatory Requirements

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 18, 2023
DVC: 2310190240AS746099


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



FAR Chemical & Textile Ind. PLC
Statement of Profit or (Loss) and Others Comprehensive Income
For the year ended June 30, 2023

Particulars	Notes	Amount in Taka	
		2022-2023	2021-2022
Revenue	25.00	542,553,420	34,872,966
Less: Cost of sales	26.00	749,574,371	111,359,592
Gross profit		(207,020,951)	(76,486,626)
Less: Operating expenses			
Selling and distribution expenses	27.00	4,580,277	4,237,435
Administrative expenses	28.00	9,633,372	5,118,813
Employee Welfare expenses	29.00	25,418	675,703
		14,239,067	10,031,950
Profit from operation		(221,260,018)	(86,518,576)
Less: Financial expenses	30.00	23,595,236	717,920
Add: Foreign Exchange Gain/(Loss)	31.00	(4,336,770)	5,089
		(249,192,024)	(87,231,407)
Add: Other income	32.00	9,281,639	8,184,774
Net Profit before tax		(239,910,385)	(79,046,633)
Less: Income tax expenses	33.00	4,965,298	5,154,055
Net Profit after tax		(244,875,683)	(84,200,688)
Basic Earnings Per Share (EPS)	34.00	(1.12)	(0.39)

The annexed notes 1 to 42.04 with Schedule-A form an integral part of these financial statements.

As per our annexed report of even date



Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary

Place: Dhaka

Dated: October 18, 2023

DVC: 2310190240AS746099




Md. Nurul Hossain Khan FCA

Enrollment No. 0240

Managing Partner

Kazi Zahir Khan & Co.

Chartered Accountants

FAR Chemical & Textile Ind. PLC

Statement of Changes in Equity
For the year ended June 30, 2023

Particulars	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
Opening Balance at July 01,2022	2,180,934,230	458,705,295	2,639,639,525
Profit or (Loss) during the year	-	(244,875,683)	(244,875,683)
Closing Balance at 30 June 2023	2,180,934,230	213,829,612	2,394,763,842

FAR Chemical & Textile Ind. PLC

Statement of Changes in Equity
For the year ended June 30, 2022

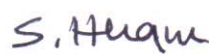
Particulars	Share Capital	Retained Earnings	Total
	Taka	Taka	Taka
Opening Balance at July 01,2021	2,180,934,230	808,776,253	2,989,710,483
Dividend Paid	-	(21,809,343)	(21,809,343)
Profit or (Loss) during the year	-	(84,200,688)	(84,200,688)
Less: (Loss) on disposal of various assets		(244,060,927)	(244,060,927)
Closing Balance at 30 June 2022	2,180,934,230	458,705,295	2,639,639,525

The annexed notes 1 to 42.04 with Schedule-A form an integral part of these financial statements.

As per our annexed report of even date



Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary



FAR Chemical & Textile Ind. PLC

Statement of Cash Flows

For the year ended June 30, 2023

Particulars	Notes	Amount in Taka	
		June 30,2023	June 30,2022
A. Cash flows from operating activities:			
Receipt from customers		241,251,639	580,648,413
Receipt from other income		9,281,639	8,187,115
Payment for cost of expenses		(774,781,817)	(26,314,466)
Payment for operating expenses		2,114,975	(15,118,265)
Payment of financial expenses		(23,595,236)	(717,920)
Income Tax Paid		(3,840,196)	(3,721,094)
Net cash from operating activities		(549,568,997)	542,963,783
B. Cash flows from investing activities:			
Acquisition of property, plant and equipment		(84,093,426)	(1,171,635,393)
Security Deposit		(3,000,000)	-
Proceeds from sale/dispose off fixed assets		-	64,663,375
Net cash used in investing activities		(87,093,426)	(1,106,972,018)
C. Cash flows from financing activities:			
Increase / (Decrease) in Short term loan		324,427,964	108,213,964
Term Loan Received		165,895,525	494,733,000
Payment of Lease liability		-	(625,413)
Dividend paid		-	(21,809,343)
Net Cash used in financing activities		490,323,489	580,512,208
D.Net increase in cash and cash equivalents(A+B+C)		(146,338,934)	16,503,972
E. Foreign Exchange Gain/(Loss)-FC A/C		25,406	2,749
F. Opening cash and cash equivalents		265,408,223	248,901,502
G. Closing cash and cash equivalents (D+E+F)		119,094,694	265,408,223
Net Operating Cash Flow Per Share (NOCFPS)	36.00	(2.52)	2.49

The annexed notes 1 to 42.04 with Schedule-A form an integral part of these financial statements.



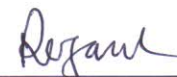
Chairman



Managing Director



Director



Chief Financial Officer



Company Secretary

As per our annexed report of even date



FAR Chemical & Textile Ind. PLC
Notes to the Financial Statements
For the year ended June 30, 2023

1.00 Reporting Entity

1.01 Background of the Company

FAR Chemical & Textile Ind. PLC (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 Vill: Mirkutir Chao, Post: Murapara, PS: Rupgonj, District: Narayangonj, Bangladesh. The production unit has been shifted from Plot No. 135-136, EPZ, Cumilla to Rupgonj, Narayangonj. 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. Name of the company has been changed from FAR Chemical Industries Limited into FAR Chemical & Textile Ind. PLC on 5th March 2023.

1.02 Nature of Business

a) The principal activities of the Company were to manufacture and export of Chemical products to different export-oriented Textiles, dyeing and Apparels industries.

b) The Company has undertaken business expansion for Spinning Unit at Rupgonj, Narayangonj. 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. The company has started commercial production from November 2022. In the reporting date production of Chemical unit is not in operation.

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 & Textile Ind. PLC 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 Income Tax Act 2023;
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
Other 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 & Textile Ind. PLC 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 2022 to 30 June 2023 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 3.21.
- 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. Depreciation is charged at the rates varying from 2.50% to 20% depending on the estimated useful life of assets. Depreciation has been charged on additions during the period of available for utilization of Property, Plant & machinery. Rates of depreciation of assets considering their useful lives are as follows:



Category	Rate
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%
Capital-work-in progress	0%

3.02 Impairment of Assets

The carrying amount of the entity's non-financial assets, other than inventories and Property, plant and equipment (considered as disclosed separately under respective accounting standards), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. However, no such conditions that might be suggestive of a heightened risk of impairment of assets existed at the reporting date.

3.02.1 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, 2023
- ii. Statement of Profit or Loss and other comprehensive income for the financial year ended on 30 June, 2023
- iii. Statement of Cash Flows for the financial year ended on 30 June, 2023
- iv. Statement of changes in equity for the financial year ended on 30 June, 2023
- v. Accounting policies and explanatory notes for the financial year ended on 30 June, 2023

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;



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 date 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 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

3.08.1 Current Tax

Provision for income tax has been made as per The Income Tax Ordinance 1984 and The Income Tax Act 2023 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.33.02.

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 started commercial production 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 Narayangonj and has started its trial production on October 17, 2022 of which commercial production has been 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 Leases

Leases are recognised as right-of-use assets and corresponding liabilities at the inception of a contract and measured in accordance with IFRS 16. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the lease payments for the underlying right-of-use assets during the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost.

Payments associated with all short-term leases (with a lease term of 12 months or less) and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The company has no such lease contract with any party.

3.15.1 Employee Benefits

3.15.1.1 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-Narayangonj, as the company is 100% export oriented as per labor Act 2006, the company need not to establish separate Worker's Profit Participation Fund.

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.



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, 2023 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 18 October, 2023 by the board of the Directors of the company. Board of Directors recommended 'No dividend' for the financial year ended 30th June, 2023. Therefore, such recommendation of dividend approval is depend 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.

3.19 Post Balance Sheet Event:

3.19.1 Amalgamation/Merger of S.F. Textile Industries Ltd. with FAR Chemical Industries Ltd.:

Amalgamation/merger of S.F. Textile Industries Ltd. with FAR Chemical Industries Ltd. has been approved by the High Court Division of the Supreme Court of Bangladesh. Shareholders and the Creditors of both the Company has accepted the decision of amalgamation/merger following EGMs and Creditors Meetings. The company has received BSEC consent (Ref: BSEC/LSD/CM-83/2022/993/1414, Dated: October 01, 2023) for completion of amalgamation process by following High Court Order and relating securities rules & regulations and other laws prevailing in Bangladesh. The company has already declared its "Record Date and appointment date" for amalgamation, on October 31, 2023. On this date the amalgamated financial statements will be prepared.

3.20 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 financial year 2021-2022 have been rearranged wherever considered necessary to ensure comparability with the current year.



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. 301,705,156
Less: Related Parties	<u>Tk. 00</u>
Net from Customers	<u>Tk. 301,705,156</u>

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	305,705,156	-
Over 6 months	-	-
Total	305,705,156	-

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	174,735,165	-	174,735,165	174,735,165	-
Short term borrowing	907,354,928	371,304,964	536,049,964	536,049,964	371,304,964
Total	1,082,090,093	371,304,964	710,785,129	710,785,129	371,304,964



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
4.00	Property, plant & equipment		
	At cost		
	Opening balance July 01	3,643,226,875	2,604,783,759
	Addition during the year	84,093,426	-
		3,727,320,301	2,604,783,759
	Less: Disposal/Adjustment due to shifting of factory from CEPZ to Narayanganj	-	(449,561,887)
		3,727,320,301	2,155,221,872
	Accumulated depreciation		
	Opening balance July 01	632,498,368	721,621,220
	Charged during the year	131,150,891	46,736,618
		763,649,259	768,357,838
	Less: Disposal/Adjustment due to shifting of factory from CEPZ to Narayanganj	-	(135,859,469)
		763,649,259	632,498,369
	Written down value as on June 30	2,963,671,042	1,522,723,503
5	Capital-work-in progress		
	Opening Balance	1,646,836,891	440,096,911
	Add. Addition during the year	5.1 -	1,206,739,980
	Less. Transferred to PPE	5.2 1,488,005,003	-
	Closing Balance	158,831,888	1,646,836,891
5.1	Addition during the year		
	Factory Building-Spinning unit	-	26,901,793
	Factory Building-Chemical unit	-	15,173,154
	Plant and Machine-Spinning unit	-	1,141,776,401
	Electrical installation-Spinning unit	-	19,647,070
	Water line installation	-	3,241,562
		-	1,206,739,980
5.2	Transferred to PPE		
	Factory Building-Spinning unit	322,979,538	-
	Factory Building-Chemical unit	-	-
	Plant and Machine-Spinning unit	1,141,776,401	-
	Electrical installation-Spinning unit	20,007,502	-
	Water line installation	3,241,562	-
		1,488,005,003	-
6.00	Security Deposit		
	Land lease at BEPZA, Plot : 135-136	-	1,152,985
	Deposit for electricity, Narayanganj, PBS-2	3,000,000	395,486
		3,000,000	1,548,471
	Less: Realized from EPZ Cumilla due to surrender of plot # 135-136	-	1,548,471
		3,000,000	-
7.00	Inventories		
	Raw materials	7.01 142,258,986	-
	Work-in-process	7.02 7,985,746	-



Notes	Particulars	Amount in Taka		
		June 30,2023	June 30,2022	
	Packaging materials	7.03	2,054,193	-
	Finished goods	7.04	178,107,923	-
	Store items	7.05	56,547	56,547
			330,463,395	56,547
7.01	Raw materials			
	Opening stock		-	13,847,835
	Add: Purchase during the year		789,782,854	-
	Raw materials available for production		789,782,854	13,847,835
	Less: Input to production		647,523,868	13,847,835
			142,258,986	-
7.02	Work-in-process			
	Opening work-in-process		-	589,743
	Add: Current year		648,514,795	14,107,621
			648,514,795	14,697,364
	Less: Transfer to finished goods		640,529,049	14,697,364
			7,985,746	-
7.03	Packaging materials			
	Opening stock		-	259,786
	Add: Purchase during the year		3,045,120	-
			3,045,120	259,786
	Less: Consumption during the year		990,927	259,786
			2,054,193	-
7.04	Finished goods			
	Opening stock		-	9,854,366
	Add: Production during the year		927,682,294	101,505,226
	Less: Cost of free issue		-	-
	Production available for export		927,682,294	111,359,592
	Less: Cost of goods sold		749,574,371	111,359,592
			178,107,923	-
7.05	Store items			
	Opening stock		56,547	236,547
	Add: Purchase during the year		2,516,407	-
			2,572,954	236,547
	Less: Consumption during the year		2,516,407	180,000
			56,547	56,547
8.00	Trade Receivables			
	Opening balance		-	545,775,447
	Add: Export during the year		542,553,420	34,872,966
	Less: Realization during the year		240,848,264	580,648,413
			301,705,156	-
	Receivables due over six months		-	-
	Receivables due below six months		301,705,156	-
			301,705,156	-

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:



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
	Particulars	30-06-2023	30-06-2022
	i. Receivables considered good in respect of which the company is fully secured	301,705,156	-
	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	-	-
	vi. The maximum amount of receivable due by any director or other officer of the company	-	-
8.01	Movement of Trade Receivable		
	Opening Balance	-	545,775,447
	Add: Export/ Credit Sales during the year	542,553,420	34,872,966
	Less: Realized during the year	240,848,264	580,648,413
		301,705,156	-
9.00	Advances, deposits and prepayments		
	Sundry Advances (Notes: 9.01)	1,023,350	6,676,057
	Advance Salary	1,879,354	1,879,354
	Advance Income Tax (Notes: 9.02)	3,840,196	3,721,094
		6,742,900	12,276,505
9.01	Sundry Advances		
	Mr. Uttam Kumar	215,289	271,591
	Mr Sajedur Rahman	-	142,297
	M/S. Omer Electrical Engineering Works	-	24,784
	Md. Abul Khair Manik	-	1,106,832
	Advance Tech. Engineering Ltd	-	350,000
	Square Electric Co.	-	650,000
	Sadia Enterprise	36,827	-
	M/S Mofazzal & Brothers	739,183	-
	Karim Carrier Services	-	1,025,174
	Delta Transport Service	-	1,323,297
	M/S. Zubair Construction	32,051	1,782,082
		1,023,350	6,676,057
9.02	Advance Income Tax		
	Opening balance	3,721,094	3,149,901
	Addition during the year-Export	2,412,847	2,903,242
	Addition during the year-Interest Income	1,427,349	817,852
		7,561,290	6,870,995
	Less: Adjustment during the year	3,721,094	3,149,901
		3,840,196	3,721,094
9.03	Movement of Advances, Deposits and Prepayments		
	Opening Balance	12,276,505	59,399,046
	Add: Addition during the year	14,987,409	10,987,414
		27,263,914	70,386,460
	Less: Adjustment during the year	20,521,014	58,109,955
		6,742,900	12,276,505



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
10.00	STD Account (IPO)		
	STD Account (BRAC Bank)	-	2,945,000
	Less: Transferred to the CMSF	-	(2,945,000)
	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.	-	-
11.00	STD Account - Dividend		
	STD Account (SBACBL)	581,528	675,784
		581,528	675,784
12.00	Cash and Cash equivalents		
	Cash in hand - Head Office	605,870	29,096
	Cash in hand - Factory	217,419	148,791
	Cash at bank:		
	Al-Arafah Islami Bank Ltd	16,004,795	8,785,739
	Social Islami Bank Limited	82,607	65,780
	Social Islami Bank Limited	322,232	373,992
	SBAC Bank Limited	1,680,589	1,760,608
	Islami Bank Bangladesh Limited	148,628	68,550
	Cash at Bank: FDR (Notes - 12.01)	100,032,555	254,175,667
		119,094,694	265,408,223
12.01	Cash at Bank: FDR		
	Al-Arafah Islami Bank Ltd # 9398	40,711,788	41,422,690
	Al-Arafah Islami Bank Ltd # 9409	-	41,422,690
	Al-Arafah Islami Bank Ltd # 9411	-	41,422,690
	Al-Arafah Islami Bank Ltd # 9422	-	20,696,211
	Al-Arafah Islami Bank Ltd # 9455	-	41,514,031
	Al-Arafah Islami Bank Ltd # 9477	16,245,198	16,281,285
	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	5,544,872	5,450,000
	Al-Arafah Islami Bank Ltd # 11075	2,077,678	2,044,000
	Al-Arafah Islami Bank Ltd # 11119	2,114,273	2,080,000
	Al-Arafah Islami Bank Ltd # 11132	2,849,458	2,802,000
	Al-Arafah Islami Bank Ltd # 11143	2,136,851	2,102,000
	Al-Arafah Islami Bank Ltd # 11154	1,445,620	1,423,000
	Al-Arafah Islami Bank Ltd # 11683	2,311,962	-
	Al-Arafah Islami Bank Ltd # 11694	3,772,992	-
	Al-Arafah Islami Bank Ltd # 11705	26,363	-
	Al-Arafah Islami Bank Ltd # 12392	8,200,000	-
	Al-Arafah Islami Bank Ltd # 12447	4,650,000	-
	Al-Arafah Islami Bank Ltd # 72498	5,503,040	-
	Al-Arafah Islami Bank Ltd # 73253	2,442,460	-
	FDR lien with Bank Account Against Loan	100,032,555	254,175,667



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
13.00 Share capital:			
13.01 Authorized share capital :			
	300,000,000 ordinary shares of Taka 10/= each.	3,000,000,000	3,000,000,000
13.02 Issued, subscribed and paid-up capital:			
	218,093,423 Ordinary Shares of Tk. 10/- each fully paid-up.	2,180,934,230	2,180,934,230

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	32,888,488	15.08%	285,720,750
General Shareholder	119,247,315	54.68%	1,235,637,280
Total	218,093,423	100.00%	2,180,934,230

13.03 Classification of shareholders by holdings:

The composition of shareholders at June 30, 2023.

Ranges of Shareholdings	30-06-2023		30-06-2022	
	No. of Holder	% of holding	No. of Holder	% of holding
Less than or equal to 500 Shares	6,287	33.81%	3,270	17.84%
501 to 1,000 Shares	742	3.99%	2,865	15.62%
1,001 to 5,000 Shares	6,834	36.75%	7,192	39.41%
5,001 to 10,000 Shares	2,121	11.41%	2,215	12.05%
10,001 to 20,000 Shares	1,380	7.42%	1,420	7.64%
20,001 to 30,000 Shares	456	2.45%	491	2.64%
30,001 to 40,000 Shares	216	1.16%	223	1.12%
40,001 to 50,000 Shares	162	0.87%	164	0.90%
50,001 to 100,000 Shares	242	1.30%	253	1.14%
100,001 to 1,000,000 Shares	145	0.78%	123	0.67%
Over 1,000,000 Shares	12	0.06%	12	0.97%
Total	18,597	100.00%	18,228	100.00%

14.00 Retained earnings

Opening balance	458,705,295	808,776,253
Less: Dividend Paid	-	(21,809,343)
	458,705,295	786,966,910
Add: Profit during the year	(244,875,683)	(84,200,688)
Less: Loss on disposal/adjustment of various fixed assets (14.01)	-	(244,060,927)
	213,829,612	458,705,295

14.01 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)



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
15.00 Lease Liability			
	Opening balance	-	5,460,252
	Less: Payment of installments	-	(482,136)
	Less: Adjustment due to handover of the plots to the EPZ authority	-	(4,978,116)
		-	-
16.00 Long Term Loan			
	HPSM	165,895,525	-
	Note: Hire Purchase under Shirkatul Melk (HPSM)	165,895,525	-
17.00 Deferred Tax			
	Opening balance	-	-
	Add: Current year charged	-	-
		-	-
18.00 Trade Payables			
	Trade Payalbes	174,735,165	-
	Movement LC againT (AL- Arafah Bank)	174,735,165	-
19.00 Term Loan - Current			
	Al-Arafah Islami Bank Ltd, Pragati Sarani Branch		
	Deferred/UPAS	215,611,000	494,733,000
		215,611,000	494,733,000
	Loan payment for machinery in the from of Defferd LC and UPAS		
19.1	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:		
	a) HPSM Machinery (L/Cs- Deferred/ UPAS) limit for Tk 30.75 crore		
	b) Working Capital (LCs- Sigh/Deferred/UPAS/EDF) limit for Tk 60.00 crore to import/procure all types raw materials, spare parts and chemicals etc.		
	Terms and Conditions :		
	a) Rate of profit 6.00% for UPAS Period and 9% for Project Loan period.		
	b) Validity upto 7 years subject to renewable every year.		
20.00 Short term borrowings			
	Lease Liability (Notes: 20.01)	-	-
	EDF Loan	336,069,955	-
	IBP Loan	199,980,009	-
	Short term borrowings - Unsecured (Notes: 20.02)	371,304,964	303,804,964
		907,354,928	303,804,964
	Note: EDF= EXPORT DEVELOPMENT FUND CASE TO CASE LC BASIS. RAW MATERIAL PURCHASE BANK GIVE TO FUND. IBP stands for 'Inland Bills Purchase'. Payment made to a customer through purchase of Govt. Cheques/ Payment Orders/ Draft issued by scheduled banks(s) and bills.		
20.01 Short term borrowings			
	Lease Liability	-	-
		-	-



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
20.02	Short term borrowings - Unsecured (Inter-Company Loan)		
	Samin Food and Bevarage & Textile Mills Ltd	41,636,964	41,636,964
	MN Industries Ltd	84,900,000	84,900,000
	Rezwana Rahman Rini	88,600,000	88,600,000
	SF Textile Ind. Ltd.	143,668,000	76,168,000
	Rajon Industries Ltd.	12,500,000	12,500,000
		371,304,964	303,804,964
21.00	Provision for Income Tax		
	Opening balance	5,180,976	3,176,822
	Add: Current year charged	4,965,298	5,154,055
	Less: Adjustment	(3,721,094)	(3,149,901)
		6,425,179	5,180,976
22.00	Refundable Deposits (IPO)		
	General Public Subscription Money	-	2,945,000
	Less transferred to the CMSF	-	(2,945,000)
		-	-
Transferred total amount to the Capital Market Stabilisation Fund (CMSF), on 11 October 2021 as stated in note : 09.			
23.00	Unpaid or Unclaimed Dividend Account		
	Dividend payable (Notes: 23.01)	581,528	675,784
		581,528	675,784
23.01	Dividend payable		
	For the Financial Year 2015-2016	-	190,845
	For the Financial Year 2019-2020	411,897	426,982
	For the Financial Year 2020-2021	169,631	248,803
		581,528	866,629
	Less: Transferred to the CMSF for the FY-2015-2016	-	(190,845)
		581,528	675,784

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.



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
24.00	Creditors and accruals		
	Electricity bill	11,058,692	-
	Bangladesh Association of Publicly Listed Companies	50,000	50,000
	Dhaka Stock Exchange Ltd	1,200,000	600,000
	Chittagong Stock Exchange Ltd	1,200,000	600,000
	Central Depository Bangladesh Ltd	340,899	234,899
	Salaries and wages	4,343,333	990,750
	Director remuneration and fees	50,000	50,000
	Sundry creditors	-	337,667
	M/S Jubair Construction	-	37,330
	DBL Ceramics Ltd	-	328,743
	Partex Cables Ltd	-	300,081
	Delta Transport Service	125,500	-
	Audit and professional fees	300,000	300,000
	Best Aluminium	55,012	-
	M/S Alhaj Supply & Transport	-	40,006
	M/S Khan Associates	-	73,730
		18,723,436	3,943,206
25.00	Revenue		
	Yarn	542,553,420	-
	Softening Agent	-	6,853,974
	Scouring Agent	-	6,383,134
	Anti-Foaming Agent	-	2,976,147
	Levelling Agent	-	1,994,743
	Fixing Agent	-	3,749,582
	Stabilizer	-	4,752,547
	Retarding Agent	-	1,883,773
	Bleaching Agent	-	1,788,579
	Others	-	4,490,487
		542,553,420	34,872,966
	Sales Revenue has increased during the Year 2022-2023 than the previous year due to comissioning of new spinning mill at own premises at Rupgonj, Narayangonj.		
26.00	Cost of sales		
	Raw materials consumed-Cotton (Note-26.01)	647,523,868	13,847,835
	Packaging materials consumed (Note-26.02)	990,927	259,786
		648,514,795	14,107,621
	Add: Work in process- Opening	-	589,743
		648,514,795	14,697,364
	Less: Work in process- Closing	7,985,746	-
	Total consumption	640,529,049	14,697,364
	Add: Manufacturing overhead (Note-26.03)	157,576,165	40,632,084
	Add: Depreciation (Annexure-A)	129,577,080	46,175,778
	Cost of production	927,682,294	101,505,226
	Add: Finished goods - opening	-	9,854,366
		927,682,294	111,359,592
	Less: Finished goods - closing	178,107,923	-



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
	Change of finished goods stock	749,574,371	111,359,592
	Less: Cost of free issue	-	-
		749,574,371	111,359,592
26.01	Raw materials consumed		
	Opening Stock	-	13,847,835
	Add: Purchase during the year	789,782,854	-
	Raw materials available for production	789,782,854	13,847,835
	Less: Closing Stock	142,258,986	-
	Consumption during the year	647,523,868	13,847,835
26.02	Packaging materials consumed		
	Opening Stock	-	259,786
	Add: Purchase during the year	3,045,120	-
	Consumable Item available for packing.	3,045,120	259,786
	Less: Closing Stock	2,054,193	-
	Consumption during the year	990,927	259,786
26.03	Manufacturing overhead		
	Salaries and wages	39,581,513	34,644,726
	Electricity Bill	111,175,168	-
	Fuel, water and power	429,347	3,079,382
	Printing and stationary	203,401	175,790
	Conveyance expenses	214,736	167,132
	Mobile bill	35,200	52,500
	Store and spares consumed (Note-6.05)	2,516,407	180,000
	Rent, rates and taxes	1,848,339	473,712
	Medical expenses	63,420	157,806
	Food and Tiffin	430,656	420,033
	Labor charge	341,528	668,251
	Repair and maintenance (Note-26.03.1)	35,418	63,705
	Carrying Charge	274,961	392,206
	Other overhead	426,071	156,841
		157,576,165	40,632,084
26.03.1	Repairs and maintenance		
	Plant and Machinery	-	54,704
	Buildings	-	9,001
	Others	35,418	-
		35,418	63,705
27.00	Selling and distribution expenses		
	Salaries and wages	2,540,861	3,401,437
	Transportation and handling expenses	428,175	311,783
	Repairs and maintenance	31,059	16,467
	Rent	180,000	180,000
	Electricity & water	86,972	67,853
	Traveling expenses	369,827	82,078
	Entertainment expenses	173,629	7,985



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
	Miscellaneous expenses	25,718	1,580
	Sample, test and analysis	271,893	-
	Depreciation (Annexure-A)	472,143	168,252
		4,580,277	4,237,435
28.00	Administrative expenses		
	Salaries and wages	2,138,346	1,886,639
	Postage and telecommunication	3,527	2,579
	Traveling, haulage and passage	95,839	115,749
	Repair and maintenance	75,418	34,571
	Electricity, fuel and water	237,415	36,542
	Printing and stationery	28,753	12,587
	Rent, rates and taxes	1,476,385	1,414,200
	Subscription and donation	25,000	22,478
	Entertainment	66,794	20,400
	Legal and professional Charge	25,000	10,000
	Audit and professional fees	300,000	300,000
	Miscellaneous expenses	25,489	10,600
	News paper and periodicals	14,200	1,309
	Amalgamation Expenses (Note- 28.01)	3,145,108	-
	AGM/EGM Expenses	196,430	184,571
	Director remuneration	600,000	600,000
	Board meeting attendance fees	78,000	74,000
	Depreciation (Annexure-A)	1,101,668	392,588
		9,633,372	5,118,813
28.01	Amalgamation expenses		
	Scheme fees	300,000	-
	Business Valuation fees	1,500,000	-
	Court order fees - CSR	1,000,000	-
	Printing Stationary & other fees	345,108	-
		3,145,108	-
29.00	Employee welfare expenses		
		25,418	675,703
		25,418	675,703
30.00	Financial expenses		
	Bank Charges	4,276,673	235,784
	Bank Interest	19,318,563	-
	Lease payment to EPZ Cumilla	-	482,136
		23,595,236	717,920
31.00	Foreign Exchange Gain/(Loss)		
	Exchange Gain/(Loss)	(4,371,811)	5,089
	Exchange Gain/(Loss) -Unrealized	35,041	-
		(4,336,770)	5,089
32.00	Other income		
	Sale of wastage	10,547	6,255
	Interest Income	9,271,092	8,178,519
		9,281,639	8,184,774



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022
33.00	Income Tax Expenses		
	Current Tax on operating income (Notes -33.01)	2,412,847	2,903,242
	Current Tax on other income	2,552,451	2,250,813
	Deferred Tax (Notes - 33.02)	-	-
		4,965,298	5,154,055
33.01	Current Tax		
	Profit before Tax	(239,910,385)	(79,046,633)
	Less: Other Income	9,281,639	8,184,774
	Add: Depreciation as Accounting base	131,150,891	46,736,618
	Less: Depreciation as Tax base	185,232,312	43,571,609
	Taxable Income or (Loss)	(303,273,445)	(84,066,399)
	Tax Rate	15.00%	20.00%
	Current Tax	(45,491,017)	(16,813,280)
	Minimum Tax	2,412,847	2,903,242
	So, Current Tax during the year, higher one- under section 163. of Income Tax Act 2023.	2,412,847	2,903,242

33.02 Deferred Tax

Property, Plant & Equipment		
Carrying amount as Accounting base	2,963,671,042	3,169,560,395
Carrying amount as Tax base	2,876,557,976	2,977,696,862
Difference	87,113,066	191,863,533
Tax Rate	15%	20%
Total maximum deferred tax liability at the end of the year	13,066,960	38,372,707
Total maximum deferred tax liability at the beginning of the year	-	-
Total maximum deferred tax for the year	13,066,960	38,372,707
Total tax for the year	4,965,298	5,154,055
Less: Current tax (Minimum tax on realization and tax on other income) for the year	4,965,298	5,154,055
Deferred tax as per total tax liability	-	-
Deferred tax for the year	-	-

Note: There is no scope to create deferred tax because the company has been suffering operating losses. On this ground there was no necessity to create deferred tax in the previous year as well as in the current year.

34.00 Basic earnings per share for the year:

a) Net Profit after Tax	(244,875,683)	(84,200,688)
b) Weighted average number of shares outstanding (Note-33.01)	218,093,423	218,093,423
Basic Earnings per share (EPS) (a/b)	(1.12)	(0.39)
Basic earnings per share (Adjusted)	(1.12)	(0.39)

34.01 Weighted average number of shares outstanding

For the year 2022-2023

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



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022

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

35.00 Net Assets Value (NAV) per share

Total Assets	3,884,090,603	3,447,977,454
Less: Total outside liability	1,489,326,761	808,337,929
a. Net Asset Value	2,394,763,842	2,639,639,525
b. Total number of shares outstanding	218,093,423	218,093,423
Net Assets Value (NAV) per share (a/b)	10.98	12.10

36.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flow (Numerator)	(549,568,997)	542,963,783
b) No of Shares outstanding	218,093,423	218,093,423
Net operating cash flow per share (NOCFPS) (a/b)	(2.52)	2.49

37.00 Reconciliation of cash generated by operations

Net Profit/(Loss) Before Tax	(239,910,385)	(79,046,633)
Add: Depreciation	131,150,891	46,736,618
Increase/Decrease in inventory	(330,406,848)	24,731,730
Increase/Decrease in bills receivables	(301,705,156)	545,775,447
Increase/Decrease in advance, deposits & prepayments	5,652,708	14,137,618
Increase/Decrease in bills payables	174,735,165	-
Income tax paid	(3,840,196)	(3,721,094)
Increase/Decrease in creditors & accrues	14,780,231	(5,647,154)
Foreign Exchange Gain or Loss	(25,406)	(2,749)
	(549,568,997)	542,963,783

38.00 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	Notes	Nature of Transaction	Amount of Transaction	Outstanding Balance as at June 30, 2023
S.F Textile Industries Ltd.	20.02	Loan	67,500,000	143,668,000
MN Industries Ltd.	20.02	Loan	-	84,900,000
Rezwana Rahman Rini	20.02	Loan	-	88,600,000
Rajon Industries Ltd.	20.02	Loan	-	12,500,000
Sahin Food & Beverage Inds. and Textile Mills Ltd.	20.02	Loan	-	41,636,964
		Total		371,304,964



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022

38.A Disclosure as per requirement of Schedule XI, part II, note 5 of para 3
Employee Position (as on June 30, 2023)

Salary Range	Officer & Staff		Workers	Total Employee
	Factory	Head Office		
Below 6300	6	4	19	29
Above 6300	476	7	78	561
Total	482	108	97	590

38.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, 2022 to June 30, 2023

Remuneration & Board Meeting attendance Fees: Tk.678,000

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	-	14,000	14,000
Total		600,000	78,000	678,000

39.00 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.

40.00 Disclosure as per requirement of Schedule XI, part II, note 5 of para 3

40.A 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 of

i) Sales

Particulars	01-07-2022 to 30-06-2023	01-07-2021 to 30-06-2022
Amount in Taka	-	34,872,966
Quantity in Kg - Chemical	-	306,387
Amount in Taka	542,553,420	-
Quantity in Kg - Spinning Yarn	1,672,689	-

ii) Raw Materials - Cotton Consumed in Quantities (Kgs):

Particulars	01-07-2022 to 30-06-2023	01-07-2021 to 30-06-2022
Opening Stock	-	-
Purchase	2,966,655	-
Total available	2,966,655	-
Less: Closing Stock	534,366	-
Raw Materials - consumed	2,432,289	-



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022

iii) Particulars in respect of Opening Stock and Closing Stock of Inventories - Spinning Unit

Particulars	Opening Stock		Closing Stock	
	Quantity	Amount in Tk.	Quantity	Amount in Tk.
Raw Materials -Yarn	0 Kg	-	534,366 Kg	142,258,986
Work in Process	0 Kg	-	29,997 Kg	7,985,746
Finished goods	0 Kg	-	402,168 Kg	178,107,923

40.B Disclosure as per requirement of Schedule XI, part II, para 7

Details of Capacity as given below:

Particulars	Production Unit	Attainable Capacity	Actual Production	Percentage of Capacity Utilization
Cotton Yarn Production in Kg	Spinning Unit	6,300,000	2,077,185	32.97%
Total		6,300,000	2,077,185	

41 Disclosure as per requirement of Schedule XI, Part II, para 8 of Companies Act,1994.

41.A During the year ended June 30 , 2023 total value of import in respect of raw material, spare parts calculated on CIF basis are given as below:

Particulars	Amount (Tk.)
Raw Materials - Cotton	789,782,854
Spare Parts	972,829

41.B The company has not incurred any expenditure in foreign currencies during the period of 01 July, 2022 to 30 June, 2023 on account of royalty, know-how, professional fees, consultancy fees, interest and other matters.

41.C Value of both imported and indigenous raw materials, spare parts and components consumed and the percentage of each to the total consumption during the period of 01 July, 2022 to June 30, 2023 are given as below:

Particulars	Total Consumption	Imported Taka.	Local Taka.	(%)	(%)
Raw Materials - Cotton	647,523,868	647,523,868	-	0.00%	100%
Packing Materials	990,927	-	990,927	100.00%	0%
Store Items	2,516,407	972,829	1,543,578	61.34%	39%
Total	651,031,202	648,496,697	2,534,505		

41.D The company has not remitted any amount during the period of 01 July, 2022 to June 30, 2023 in foreign currencies on account of dividend for non-resident shareholders.

41.E Earnings in foreign exchange classified under the following heads as follows:

- Total Export for the period ended 30 June 2023 is US\$ 5,236,122 which equivalent to BDT. 542,553,420.00
- No royalty, know-how, professional and consultancy fees were received.
- No interest and dividend received.
- No other income received.



Notes	Particulars	Amount in Taka	
		June 30,2023	June 30,2022

42.00 Other commitments, contingencies and relevant information

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

42.01

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, 2023 as required under Para 3, Schedule XI, Part III of the Companies Act 1994 are given below:

Particulars	01-07-2022 to 30-06-2023		01-07-2021 to 30-06-2022	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export- Sales	1,672,689	542,553,420	306,387	34,872,966
Total	1,672,689	542,553,420	306,387	34,872,966

42.02 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. The new Spinning Unit started commercial operation during the financial year.

42.03 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.

42.04 Foreign remittances

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



FAR Chemical & Textile Ind. PLC
Schedule of Property, Plant and Equipment
For the year ended June 30, 2023

Particulars	Cost				Rate of depreciation/ amortization	Depreciation			Annexure-A	
	Balance as on July 01, 2022	Addition during the year	Disposal during the year	Balance as on June 30, 2023		Charged during the year	Adjustment during the year	Balance as on June 30, 2023	Written Down Value as at June 30, 2023	Written Down Value as at June 30, 2022
Land and Land development	1,209,467,171	-	-	1,209,467,171	0.00%	-	-	-	1,209,467,171	1,209,467,171
Factory building-Spinning Unit	322,979,538	294,366	-	323,273,904	2.5%	6,061,386	-	6,061,386	317,212,519	322,979,538
Plant and machinery	835,260,970	-	-	835,260,970	10.00%	27,140,272	-	590,998,522	244,262,448	271,402,720
Plant and machinery-Spinning Unit	1,141,776,401	81,575,595	-	1,223,351,996	10.00%	91,751,400	-	91,751,400	1,131,600,596	1,141,776,401
Electrical installation-Spinning Unit	20,007,502	2,041,571	-	22,049,073	10.00%	1,653,680	-	1,653,680	20,395,393	20,007,502
Compressor	81,106,070	-	-	81,106,070	10.00%	3,240,680	-	51,939,952	29,166,118	32,406,798
Fork lift	15,562,879	-	-	15,562,879	10.00%	566,381	-	10,465,448	5,097,431	5,663,812
Water line installation-Spinning Unit	3,241,562	-	-	3,241,562	10.00%	243,117	-	243,117	2,998,445	3,241,562
Office equipment	7,435,521	53,418	-	7,488,939	10.00%	289,910	-	4,866,394	2,622,545	2,859,037
Furniture and Fixture	6,389,261	128,476	-	6,517,737	20.00%	204,065	-	5,669,359	848,378	923,967
Balance as on June 30, 2023	3,643,226,875	84,093,426	-	3,727,320,301		131,150,891	-	763,649,259	2,963,671,042	3,010,728,507
Balance as on June 30, 2022	2,604,783,759	-	(449,561,887)	2,155,221,872		46,736,618	(135,859,469)	632,498,368	3,169,560,395	3,169,560,395

Allocation of depreciation

Cost of sales (Note-21)	129,577,080	98.80%
Selling and Distribution Expenses (Note-22.00)	472,143	0.36%
Administrative Expenses (Note-23.00)	1,101,668	0.84%
	<u>131,150,891</u>	<u>100%</u>

