

**AUDITORS' REPORT AND FINANCIAL STATEMENTS
OF
FAR CHEMICAL INDUSTRIES LIMITED
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

AHMAD & AKHTAR

Chartered Accountants

BCIC Bhaban (3rd Floor)

30-31, Dilkusha, C/A, Dhaka-1000

Ph: +880 2 9561289, Fax: +880 2 9564366

E-mail: aacano120@gmail.com



A Correspondent Member Firm of
Russell Bedford International, UK.
(www.russellbedford.com)

**Branch Office: Dhaka and Chittagong
Liaison Office: Khulna**



**AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
FAR CHEMICAL INDUSTRIES LIMITED**

We have audited the accompanying financial statements of the FAR Chemical Industries Limited (the company) which comprise the statement of financial position as at June 30, 2014, the related Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the period then ended and a summary of significant accounting policies and other relevant explanatory notes thereon.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation financial statements.

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

Opinion

In our opinion the financial statements present fairly in all material respects the financial position of FAR Chemical Industries Ltd. as at 30 June 2014 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and comply with the applicable section of companies Act, 1994, the Securities and Exchange Rules-1987 and other applicable laws and regulations.

We also report that:

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

Date: September 01, 2014
Place: Dhaka



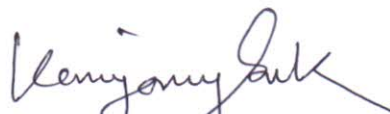
AHMAD & AKHTAR
Chartered Accountants

FAR Chemical Industries Limited
Statement of Financial Position
As at June 30, 2014

	Notes	Amount in Taka	
		30-06-2014	30-06-2013
ASSETS			
Non-current assets			
Property, plant & equipment	4.00	799,583,599	704,975,729
Security deposit	5.00	1,548,471	1,548,471
		801,132,070	706,524,200
Current assets			
Inventories	6.00	304,333,397	203,858,960
Trade receivables	7.00	406,101,996	370,322,997
Advances, deposits and prepayments	8.00	43,187,323	22,114,549
STD Account (IPO)	9.00	155,986,104	-
Cash and cash equivalents	10.00	8,772,753	9,657,858
		918,381,573	605,954,364
TOTAL ASSETS		1,719,513,642	1,312,478,564
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11.00	910,315,650	790,315,650
Retained earnings	12.00	719,992,809	438,281,624
		1,630,308,459	1,228,597,274
Current Liabilities			
Trade payables	13.00	56,140,265	65,108,915
Short term borrowings	14.00	8,542,157	12,225,096
Share Money Deposits (IPO)	15.00	6,282,239	-
Creditors and Accrued	16.00	18,240,522	6,547,279
		89,205,183	83,881,290
TOTAL EQUITY AND LIABILITIES		1,719,513,642	1,312,478,564
Net Assets Value per share		17.91	15.55

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


Chairman


Managing Director


Chief Financial Officer

As per our annexed report of even date

Dated: September 01, 2014
Place: Dhaka


AHMAD & AKHTAR
Chartered Accountants



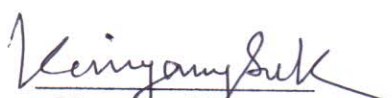
FAR Chemical Industries Limited
Statement of Comprehensive Income
for the year ended June 30, 2014

	Notes	Amount in Taka	
		30.06.2014	30.06.2013
Revenue	17.00	1,198,194,039	1,097,422,650
Cost of sales	18.00	915,210,597	692,966,611
Gross profit		282,983,442	404,456,039
Operating expenses			
Selling and distribution expenses	19.00	6,276,711	3,954,807
Administrative expenses	20.00	38,454,160	2,780,368
Employee Welfare expenses	21.00	614,080	397,030
		45,344,951	7,132,205
Profit from operation		237,638,491	397,323,834
Financial expenses	22.00	658,176	2,016,129
		236,980,315	395,307,705
Other income	23.00	44,730,870	274,658
Profit before tax		281,711,185	395,582,363
Income tax expense		-	-
		281,711,185	395,582,363
Earnings per share (EPS)			
Basic earnings per share	24.00	3.45	5.01


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



Chairman



Managing Director



Chief Financial Officer

As per our annexed report of even date

Dated: September 01, 2014
Place: Dhaka

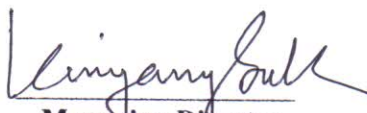

AHMAD & AKHTAR
Chartered Accountants



FAR Chemical Industries Limited
Statement of Cash Flows
for the year ended June 30, 2014

	Note	Amount in Taka	
		30.06.2014	30.06.2013
A. Cash flows from operating activities:			
Receipt from customers		1,162,415,040	962,101,509
Receipt from other income		44,730,870	274,658
Payment for cost of expenses		(984,889,528)	(647,990,575)
Payment for operating expenses		(32,298,718)	(3,897,911)
Payment for employee welfare expenses		(614,080)	(397,030)
Net cash from operating activities		189,343,584	310,090,651
B. Cash flows from investing activities:			
Acquisition of property, plant and equipment		(156,183,709)	(301,147,881)
Increase in STD Account		(155,986,104)	-
Net cash used in investing activities		(312,169,813)	(301,147,881)
C. Cash flows from financing activities:			
Receipt/(Payment) against short term loan		(3,682,939)	(227,687)
Increase in Share Capital		120,000,000	-
Increase in Share Money Deposit		6,282,239	-
Payment of financial expenses		(658,176)	(2,016,129)
Net Cash used in financing activities		121,941,124	(2,243,816)
D. Net increase in cash and cash equivalents (A+B+C)		(885,105)	6,698,954
E. Opening cash and cash equivalents		9,657,858	2,958,904
F. Closing cash and cash equivalents (D+E)		8,772,753	9,657,858
Net Operating Cash Flow Per Share (NOCFPS)	25.00	2.08	3.92


Chairman



Managing Director


Chief Financial Officer

As per our annexed report of even date

Dated: September 01, 2014
Place: Dhaka




AHMAD & AKHTAR
Chartered Accountants

FAR Chemical Industries Limited
Statement of Changes in Equity
As at June 30, 2014

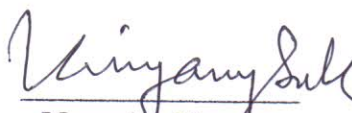
Particulars	Share capital Taka	Share money deposit Taka	Retained earnings Taka	Total Taka
Balance at July 01, 2013	790,315,650	-	438,281,624	1,228,597,274
IPO Share	120,000,000		-	120,000,000
Profit during the year	-	-	281,711,185	281,711,185
Balance at 30 June 2014	910,315,650	-	719,992,809	1,630,308,459

As at June 30, 2013

Particulars	Share capital Taka	Share money deposit Taka	Retained earnings Taka	Total Taka
Balance at July 01, 2012	526,877,100	-	306,137,811	833,014,911
Bonus Share	263,438,550		(263,438,550)	-
Profit during the year	-	-	395,582,363	395,582,363
Balance at June 30, 2013	790,315,650	-	438,281,624	1,228,597,274



Chairman



Managing Director



Chief Financial Officer

Dated: September 01, 2014
Place: Dhaka


AHMAD & AKHTAR
Chartered Accountants



FAR Chemical Industries Limited
Notes to the Financial Statements
For the period ended June 30, 2014

1.00 Reporting Entity

1.01 Background of the Company

FAR Chemical Industries Limited (the Company') was incorporated in Bangladesh on 22 March 2007 as a Private Limited Company under the Companies Act 1994 with its registered office at M.L Tower, DIT Road , 1 East Rampura , Dhaka-1219 and factory is situated at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh. Subsequently the company has been converted to Public Limited Company under the Companies Act 1994 on 19 June 2012 and issue of Public offer of 12,000,000 ordinary shares of Tk. 10.00 each at per totaling to Tk.120,000,000 as Bangladesh Securities and Exchange Commission (BSEC) ref no. BSEC/CI/IPO-220/2013/98 dated February 05, 2014.

1.02 Nature of Business

The principal activities of the Company are to manufacture and export of Chemicals to export oriented Textiles and Apparels industries as judged international norms of professionalism, quality and system.

2.00 Basis of Preparation of Financial Statements

2.01 Statement of Compliance

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

2.02 Regulatory Compliances

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

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

2.03 Measurement Bases used in Preparing the Financial Statements

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

2.04 Reporting Currency and Level of Precision

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

2.05 Preparation and Presentation of Financial Statements of the Company

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



2.06 Use of Estimates and Judgments

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

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

2.07 Reporting Period

The financial period of the companies covers one year from 1 July 2013 to 30 June 2014 and is followed consistently.

2.08 Cash Flow Statement

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

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

- a) Notes to the financial statements marked from 3.00 to 3.16 setting out the policies are unambiguous with respect to the reporting framework on which the accounting policies are based.
- b) The accounting policies on all material areas have been stated clearly in the notes marked from 3.00 to 3.16.
- c) The accounting standards that underpin the policies adopted by the company can be found in the following places of the notes to the financial statements:

Sl. No.	Name of the BAS	BAS's no.
1	Presentation of Financial Statements	1
2	Inventories	2
3	Cash Flow Statements	7
4	Accounting policies, Changes in accounting Estimates & Errors	8
5	Events after the Reporting Period	10
6	Construction Contracts	11
7	Income Taxes	12
8	Segment Reporting	14
9	Property, Plant and Equipment	16
10	Leases	17
11	Revenue	18
12	Employees Benefits	19
13	Accounting for Government Grants & Disclosure of Government Assistance	20
14	The Effects of Changes in Foreign Exchange Rates	21
15	Borrowing Costs	23
16	Related Party Disclosures	24
17	Accounting for Investment	25
18	Accounting and Reporting by Retirement Benefit Plans	26
19	Consolidated and Separate Financial Statements	27
20	Investment in Associates	28

Sl. No.	Name of the BAS	BAS's no.
21	Disclosures in the Financial Statements of Banks and similar Financial Institutions (supersedes by BFRS-7)	30
22	Interest in Joint Ventures	31
23	Financial Instruments: Presentation	32
24	Earning Per Share	33
25	Interim Financial Reporting	34
26	Impairment of Assets	36
27	Provision, Contingent Liabilities and Contingent Assets	37
28	Intangible Assets	38
29	Financial Instruments: Recognition & Measurement	39
30	Investment Property	40
31	Agriculture	41

SL. No.	Name of the BFRS/IFRS	BFRS/IFRS No
1	First-time Adoption of Bangladesh Financial Reporting Standards	1
2	Share based payment	2
3	Business Combinations	3
4	Insurance Contracts	4
5	Non-Current Assets held for sale and discontinued operations	5
6	Exploration for and evaluation of mineral resources	6
7	Financial Instruments: Disclosures	7
8	Operating Segments	8
9	Financial Instruments	9
10	Consolidate Finance Statements	10
11	Joint Arrangements	11
12	Disclosure of Interests in Other Entities	12
13	Fair Value Measurement	13

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

3.00 Significant Accounting Policies

3.01 Property, Plant & Equipment

3.1.1 Recognition and Measurement

Tangible fixed assets are accounted for according to "BAS 16: Property, plant and equipment", Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The cost of acquisition of an asset comprises its purchase price and any attributable cost of bringing the assets to its working condition for its intended Expenditure incurred after the assets have been put into use, such as repairs maintenance is normally charged off as revenue expenditure in the year in which it incurs. In situation where it can be clearly demonstrated that the expenditure has resulted increase in the future economic benefit expected to be obtained from the asset expenditure is capitalized as an additional cost of the assets.



3.1.2 Depreciation

Depreciation is provided on Reducing Balance Method except Leasehold Land Development (Comilla EPZ) on the value at which the assets carried in the books of Accounts. Depreciation is charged at the rates varying from 3.33% to 20% depending on the estimated useful life of assets. Depreciation is provided on Leasehold Land development on straight-line method the lease term of 30 years. Half year's depreciation has been charged on additions irrespective of the date of acquisition.

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

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

3.3 Components of the Financial Statements

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

- i. Statement of financial position as at 30 June 2014
- ii. Statement of comprehensive income for the financial year 30 June 2014
- iii. Cash Flows Statements for the financial year 30 June 2014
- iv. Statement of changes in equity for the financial year 30 June 2014
- v. Accounting policies and explanatory notes for the financial year 30 June 2014

3.4 Inventories

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

3.5 Revenue

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



3.6 Foreign Currency Transaction/Translation

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

3.7 Financial Expenses

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

3.8 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.

3.9 Taxation

3.9.1 Current Tax

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

3.9.2 Deferred Tax

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

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

3.10 Provisions

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

3.11 Contingencies

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

3.12 Earning Per Share (EPS)

This has been calculated in compliance with the requirements of "BAS 33: Earnings Per Shares" 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 no preference dividend, minority interest or extra ordinary items, the net profit for the year has been considered as fully attributable to ordinary shareholders. Basic earnings per has been calculated by dividing the net profit or loss by the number of 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 weighted average number of ordinary shares outstanding, for the effect of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there were no potential ordinary shares during the relevant period.

3.13 Segment Reporting

No segmental reporting is applicable for the company as required by "BAS 14: Segment Reporting" as the company operates in a single industry segment and within as geographical segment.

3.14 Event after Statement of Financial Position Date

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

3.15 Financial Risk Management Policies

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

Interest Rate Risk

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.

Liquidity Risk

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company operations and to mitigate the effects of fluctuations in cash flows.

Fair Values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade and other short-term receivables are taken to approximate their carrying value. The fair value of financial assets and liabilities approximate their carrying value.

3.16 General

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.



		Amount in Taka	
		30-06-2014	30-06-2013
4.00	Property, plant & equipment		
	At cost		
	Opening balance	917,020,074	615,872,193
	Addition during the year	156,183,709	301,147,881
		1,073,203,783	917,020,074
	Accumulated depreciation		
	Opening balance	212,044,345	152,520,059
	Charged during the year	61,575,839	59,524,286
		273,620,184	212,044,345
	Written down value as on June 30	799,583,599	704,975,729
	The details of the above is given in Annexure-A		
5.00	Security deposit		
	Land lease at BEPZA, Plot : 135-136	1,152,985	1,152,985
	Deposit for electricity	395,486	395,486
		1,548,471	1,548,471
6.00	Inventories		
		<u>Notes</u>	
	Raw materials	6.1 198,616,971	180,913,527
	Work-in-process	6.2 9,204,518	9,712,548
	Packaging materials	6.3 7,845,123	6,584,275
	Finished goods	6.4 85,412,598	4,099,847
	Store items	6.5 3,254,187	2,548,763
		304,333,397	203,858,960
6.1	Raw materials		
	Opening stock	180,913,527	152,568,942
	Add: Purchase during the year	835,105,258	530,347,081
	Raw materials available for production	1,016,018,785	682,916,023
	Less: Input to production	817,401,814	502,002,496
		198,616,971	180,913,527
6.2	Work-in-process		
	Opening work-in-process	9,712,548	9,658,732
	Add: Current year	860,266,664	544,311,185
		869,979,212	553,969,917
	Less: Transfer to finished goods	860,774,694	544,257,369
		9,204,518	9,712,548
6.3	Packaging materials		
	Opening stock	6,584,275	3,598,751
	Add: Purchase during the year	44,125,698	45,294,213
		50,709,973	48,892,964
	Less: Consumption during the year	42,864,850	42,308,689
		7,845,123	6,584,275

		Amount in Taka	
		30-06-2014	30-06-2013
6.4	Finished goods		
	Opening stock	4,099,847	42,986,528
	Add: Production during the year	996,974,616	654,281,784
	Less: Cost of free issue	(451,268)	(201,854)
	Production available for export	<u>1,000,623,195</u>	<u>697,066,458</u>
	Less: Cost of goods sold	915,210,597	692,966,611
		<u>85,412,598</u>	<u>4,099,847</u>
6.5	Store items		
	Opening stock	2,548,763	108,942
	Add: Purchase during the year	26,350,484	7,152,468
		<u>28,899,247</u>	<u>7,261,410</u>
	Less: Consumption during the year	25,645,060	4,712,647
		<u>3,254,187</u>	<u>2,548,763</u>
7.00	Trade receivables		
	Export Bill Receivables	406,101,996	370,322,997
		<u>406,101,996</u>	<u>370,322,997</u>
7.1	Export bills receivables		
	M.L Dyeing limited	3,268,541	-
	Asif Fabrics Ltd	5,684,521	6,152,480
	Shovon Dyeing Ltd	659,874	-
	D.S Fashion Ltd	2,102,656	4,251,871
	Javed Apparels Ltd	29,854,128	9,528,416
	Knit zone Ltd	12,548,736	10,524,973
	Liz Fashion Ind. Ltd	6,325,425	9,524,871
	Radial International Ltd	854,877	125,424
	Advance Tex Ltd	35,248,762	8,547,652
	Rita Fabrics Ltd	32,523,659	1,935,247
	Glare Knitting Ltd	8,240,576	-
	Sea Blue Textile Ltd	15,412,896	17,452,468
	Paragon Composite Ltd	6,325,487	6,259,841
	Trust Knitwear Ltd	2,159,860	8,457,241
	Knit Fabrics Ltd	23,256,827	23,186,297
	Interstoff apparels Ltd	24,511,206	29,651,932
	Southeast Fabrics Ltd	9,565,205	19,245,871
	Matrix Textiles Ltd	2,839,505	9,563,247
	S.M Knitwears Ltd	6,325,402	25,741,062
	Stress Dress Ltd	25,457,410	19,524,048
	Eon Knit Apparels Ltd	8,545,218	18,472,673
	Dird Composite Tex. Ltd.	37,652,158	21,654,874
	Sabah Knitting Ltd	22,632,054	25,203,256
	Sardar Textiles Ltd	26,874,523	18,406,341
	Base Knitting Ltd	18,465,535	21,953,487
	Trams Apparels Ltd	1,592,881	18,745,982
	Abdul Hai Knit Wears	23,521,587	17,458,762
	Life Knitting Ltd	13,652,487	18,754,681
		<u>406,101,996</u>	<u>370,322,997</u>

Amount in Taka	
30-06-2014	30-06-2013
Receivables due over six months	-
Receivables due below six months	370,322,997
406,101,996	370,322,997

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

Particulars	Amount in Taka	
	30-06-2014	30-06-2013
Receivables considered good in respect of which the company is fully secured	406,101,996	370,322,997
Receivables considered good in respect of which the company holds no security other than the debtor personal security	-	-
Receivables considered doubtful or bad	-	-
Receivables due by common management	3,268,541	-
The maximum amount of receivable due by any director or other officer of the company	-	-
Total	409,370,537	370,322,997

8.00 Advances, deposits and prepayments

Sundry Advances	8.01	28,516,812	18,054,281
Advance Salary		1,120,000	960,980
M/S. Mukta Bricks Field		-	1,132,546
M/S. Abul Khair Steel		5,254,871	1,165,428
Advance Income Tax (AIT)		6,663,092	-
M/S. Sattar Enterprise		1,632,548	801,314
		43,187,323	22,114,549

8.01 Sundry Advances

Mr. MA Bari	215,482	854,217
Mr. Uttam Kumar	352,174	1,652,184
M/S. Gazi Enterprise	632,548	524,873
M/S. Omer Electrical Engineering Works	12,652,147	8,258,620
Md. Abul Khair Manik	32,546	35,094
M/S. United Trade Center Ltd.	84,751	126,084
M/S. Bangla Trac Ltd.	-	742,193
M/S. L/N Enterprise	325,412	1,284,276
M/S. Creative Design and Development	321,110	92,157
M/S. Tropical Vertical Mover	635,871	-
M/S. Denmark Refrigeration Workes	13,264,771	4,358,709
M/S. Ion Exchange Environment Management	-	125,874
	28,516,812	18,054,281

9.00 STD Account

STD Accounts (BRAC Bank)	155,986,104	-
	155,986,104	-

	Amount in Taka	
	30-06-2014	30-06-2013
10.00 Cash and cash equivalent		
Cash in hand - Head Office	1,254,876	3,712,580
Cash in hand - Factory	2,635,487	1,952,108
Cash at bank:		
Al-Arafa Islami Bank Ltd	19,625	-
Social Islami Bank Limited (A/C No-21330054628)	4,854,218	3,978,650
Bank Asia Limited (A/C No-733003885)	8,547	14,520
	<u>8,772,753</u>	<u>9,657,858</u>
11.00 Share capital:		
11.1 Authorized share capital :		
131,000,000 ordinary shares of Taka 10/= each.	<u>1,310,000,000</u>	<u>1,010,000,000</u>
10.2 Issued, subscribed and paid-up capital:		
91,031,565 Ordinary Shares of Tk. 10/- each fully paid-up	<u>910,315,650</u>	<u>790,315,650</u>

The shareholding position of the company are as under:

Name	No of shares	Percentages (%)	Amount in Tk
Abdul Quddus Amin	1,000,000	1.10%	10,000,000
Abid Mustafizur Rahman	5,025,000	5.52%	50,250,000
Abdul Mabut Masum	500,000	0.55%	5,000,000
Alhaj Abdul Kader Faruk	3,900,000	4.28%	39,000,000
Bodiuzzaman	100,000	0.11%	1,000,000
Delowar Hossain	500,000	0.55%	5,000,000
Faiaz Kader	10,416,615	11.44%	104,166,150
Global Shoes	450,000	0.49%	4,500,000
Jahadha Khondoker	240,000	0.26%	2,400,000
Jahangir Alam	100,000	0.11%	1,000,000
Hosne Ara Begum	3,900,000	4.28%	39,000,000
Kim Jong Suk	22,005,000	24.17%	220,050,000
Lee Jong Kook	2,010,000	2.21%	20,100,000
Lutfun nessa	3,900,000	4.28%	39,000,000
Major Syed Golam Wadud	500,000	0.55%	5,000,000
Md. Motiur Rahman	400,000	0.44%	4,000,000
Md. Syed Iqbal Hossain	49,950	0.05%	499,500
Nasrin Akter Banu	3,900,000	4.28%	39,000,000
Razawana Rahaman Rini	3,400,000	3.73%	34,000,000
Rezaur Rahaman Rajaon	5,225,000	5.74%	52,250,000
Rafiqul Islam	50,000	0.05%	500,000
Sahabuddin	100,000	0.11%	1,000,000
Shirin Faruk	3,910,000	4.30%	39,100,000
S.F Textiles	3,800,000	4.17%	38,000,000
Tahsin Imam	100,000	0.11%	1,000,000
Total Spinning	3,550,000	3.90%	35,500,000
General Shareholder (IPO)	12,000,000	13.18%	120,000,000
Total	91,031,565	100.00%	910,315,650

Amount in Taka	
30-06-2014	30-06-2013

12.00 Retained earnings

Opening balance	438,281,624	306,137,811
Less: Stock Dividend	-	263,438,550
	438,281,624	42,699,261
Add: Profit during the year	281,711,185	395,582,363
	719,992,809	438,281,624

13.00 Trade and other payable

Suzhon Dashan IOE	5,215,487	9,528,421
CJTECH Co Ltd	6,352,748	10,472,645
Shandong Senjie Chemical Co Ltd	2,012,485	1,542,189
SFC Co Ltd	524,879	7,521,432
Guangxi Mingli Group Co. Ltd	6,523,845	2,154,871
Paban Dyeing Ltd	2,458,765	192,451
Swedor Tech AB	524,879	-
SBC Co Ltd	16,842,688	5,248,792
Chemitact	7,452,189	4,710,923
J & C Industry	1,056,870	7,421,584
OCI Corporation	4,521,560	9,101,543
Double Sun	2,653,870	7,214,064
	56,140,265	65,108,915

14.00 Short term borrowings

Trust Receipt (Note-13.1)	8,542,157	12,225,096
	8,542,157	12,225,096

14.1 The Social Islami Bank Limited (SIBL) sanctioned a composite working capital limit for Tk 45.00 crore to make stock of raw materials, work-in-process and finished goods in the form of:

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

Terms and Conditions :

- a) Rate of profit 16.50% per annum
- b) Validity upto 21.04.2015 and can be renewable yearly.

15.00 Share Money Deposits (IPO)

Share Money Deposits	6,282,239	-
	6,282,239	-



16.00 Creditors and accrues

		Amount in Taka	
		30-06-2014	30-06-2013
Electricity bill		75,421	62,745
Water bill		532,547	595,240
Medical subscription-BEPZA		22,548	17,542
Salaries and wages		1,925,487	1,840,521
Director remuneration and fees		100,000	100,000
Sundry creditors	16.2	14,637,055	1,987,011
M/s Jubair Construction		169,524	374,509
Audit and professional fees		250,000	200,000
M/s Saif Powertech Ltd		124,518	301,548
M/s Alhaj Supply & Transport		215,876	185,210
M/s Bright Sheet		-	375,107
M/s Khan Associates		187,546	507,846
		<u>18,240,522</u>	<u>6,547,279</u>

16.2 Sundry creditors

M/s Power Puls Engineering		165,241	201,856
M/s Pacific Associates		365,287	741,032
M/s Zahid Enterprise		74,518	75,106
M/s New China Thai Aluminium Ltd.		632,058	720,641
M/s Rainbow Printers		201,387	41,209
M/s. SATCOMIT Ltd		13,000,000	-
M/s Transformer & Electric Mfg Co Ltd.		198,564	207,167
		<u>14,637,055</u>	<u>1,987,011</u>

17.00 Revenue

Softening Agent		352,941,208	328,064,018
Scouring Agent		121,102,367	94,539,272
Anti-Foaming Agent		95,541,876	91,475,261
Levelling Agent		120,365,248	95,847,636
Fixing Agent		95,248,731	78,129,601
Stabilizer		152,487,692	140,091,308
Retarding Agent		150,548,762	140,393,741
Bleaching Agent		42,105,986	71,236,398
Others		67,852,169	57,645,415
		<u>1,198,194,039</u>	<u>1,097,422,650</u>



		Amount in Taka	
		30-06-2014	30-06-2013
18.00	Cost of sales		
	Raw materials consumed-Chem	18.1	817,401,814
	Packaging materials consumed	18.2	502,002,496
			<u>42,864,850</u>
			<u>42,308,689</u>
			860,266,664
	Add: Work in process- opening		544,311,185
			<u>9,712,548</u>
			<u>9,658,732</u>
			869,979,212
	Less: Work in process- closing		553,969,917
			<u>9,204,518</u>
			<u>9,712,548</u>
	Total consumption		860,774,694
			544,257,369
	Add: Manufacturing overhead	18.3	75,362,993
	Add: Depreciation		51,214,420
			<u>60,836,929</u>
			<u>58,809,995</u>
	Cost of production		996,974,616
	Add: Finished goods - opening		654,281,784
			<u>4,099,847</u>
			<u>42,986,528</u>
			1,001,074,463
	Less: Finished goods - closing		697,268,312
			<u>85,412,598</u>
			<u>4,099,847</u>
	Change of finished goods stock		915,661,865
			693,168,465
	Less: Cost of free issue		451,268
			<u>201,854</u>
			<u>915,210,597</u>
			<u>692,966,611</u>
18.1	Raw materials consumed-chemicals		
	Opening Stock		180,913,527
	Add: Purchase during the period		152,568,942
			<u>835,105,258</u>
			<u>530,347,081</u>
	Raw materials available for production		1,016,018,785
	Less: Closing Stock		682,916,023
			<u>198,616,971</u>
			<u>180,913,527</u>
	Consumption during the period		817,401,814
			502,002,496
18.2	Packaging materials consumed		
	Opening Stock		6,584,275
	Add: Purchase during the period		3,598,751
			<u>44,125,698</u>
			<u>45,294,213</u>
	Consumable Item available for packing.		50,709,973
	Less: Closing Stock		48,892,964
			<u>7,845,123</u>
			<u>6,584,275</u>
	Consumption during the period		42,864,850
			42,308,689
18.3	Manufacturing overhead		
	Salaries and wages		19,452,187
	Fuel, water and power		17,836,719
	Printing and stationary		16,481,407
	Conveyance expenses		912,548
	Mobile bill		716,521
			<u>36,521</u>
			<u>35,248</u>
	Store and spares consumed	6.5	25,645,060
	Rent, rates and taxes		4,712,647
	Medical expenses		2,421,568
	Food and Tiffin		2,245,187
	Labor charge		716,859
	Repair and maintenance	18.3.1	826,534
	Carrying Charge		918,745
	Other overhead		860,421
			<u>1,254,063</u>
			<u>1,189,245</u>
			<u>2,946,804</u>
			<u>2,841,320</u>
			<u>315,489</u>
			<u>307,983</u>
			<u>2,421,895</u>
			<u>2,289,734</u>
			75,362,993
			51,214,420

		Amount in Taka	
		30-06-2014	30-06-2013
18.3.1	Repairs and maintenance		
	Plant and Machinery	1,952,487	1,724,510
	Buildings	652,130	715,248
	Others	342,187	401,562
		<u>2,946,804</u>	<u>2,841,320</u>
19.00	Selling and distribution expenses		
	Advertisement expenses	81,648	7,265
	Salaries and wages	952,487	442,561
	Transportation and handling expenses	2,485,473	1,752,643
	Repairs and maintenance	350,124	301,247
	Rent	92,540	89,524
	Electricity, water and gas	66,287	54,261
	Sales promotion expenses	588,097	226,324
	Traveling expenses	423,652	301,542
	Entertainment expenses	274,516	135,249
	Miscellaneous expenses	32,659	29,524
	Sample, test and analysis	256,287	198,526
	Cost of free issue	451,268	201,854
	Depreciation	221,673	214,287
		<u>6,276,711</u>	<u>3,954,807</u>
20.00	Administrative expenses		
	Salaries and wages	805,346	401,526
	Postage and telecommunication	39,524	26,415
	Traveling, haulage and passage	432,476	261,542
	Repair and maintenance	61,845	55,245
	Electricity, fuel and water	279,560	271,452
	Printing and stationery	95,426	63,254
	Rent, rates and taxes	55,248	42,548
	Subscription and donation	75,412	38,291
	Entertainment	60,352	49,524
	Legal and professional Charge	63,548	45,290
	Audit and professional fees	250,000	350,000
	Miscellaneous expenses	32,659	31,524
	News paper and periodicals	3,108	2,953
	IPO Expenses	35,034,419	-
	Director remuneration	600,000	600,000
	Board meeting attendance fees	48,000	40,800
	Depreciation	517,237	500,004
		<u>38,454,160</u>	<u>2,780,368</u>



	Amount in Taka	
	30-06-2014	30-06-2013
20.01 IPO (initial public offer) expenses		
Manager to the Issue Fees	2,000,000	-
BSEC application & Consent Fees	190,000	-
DSE & CSE application & Annual Fees	205,000	-
DSE & CSE listing Fees	2,930,947	-
Underwriting Commission	300,000	-
Bankers to the Issue Commission	8,447,385	-
CDBL Fees and Expenses	767,805	-
Printing, Publications, lottery & Distribution	1,193,282	-
Post Issue Management Fees	19,000,000	-
	35,034,419	-
21.00 Employee welfare expenses		
Student Stipend	326,531	245,174
Medical Fees	287,549	151,856
	614,080	397,030
22.00 Financial expenses		
Interest on Trust Receipt	452,487	1,695,248
Interest on Bai-Moazzel Commercial	205,689	320,881
	658,176	2,016,129
23.00 Other income		
Interest Income	44,420,614	-
Sale of wastage	310,256	274,658
	44,730,870	274,658
24.00 Basic earnings per share for the year:		
Earnings from Core Business		
a) Net Profit after Tax	236,980,315	395,307,705
b) Weighted average number of shares outstan 24.01	81,694,579	79,031,565
Basic Earnings per share (EPS) from core business(a/b)	2.90	5.002
Earnings from Extraordinary Income		
a) Extraordinary Income after Tax	44,730,870	274,658
b) Weighted average number of shares outstanding	81,694,579	79,031,565
Basic EPS from from Extraordinary Income (a/b)	0.55	0.0035
Basic earnings per share	3.45	5.01



Amount in Taka	
30-06-2014	30-06-2013

24.01 Weighted average number of shares outstanding

Particulars	Number of Share	Weight	Weighted average
Opening Shares	79,031,565	365/365.	79,031,565
IPO Shares	12,000,000	81/365.	2,663,014
Total	91,031,565		81,694,579

25.00 Net operating cash flow per share (NOCFPS)

a) Net Operating Cash Flow (Numerator)	189,343,584	310,090,651
b) Weighted average number of shares outstanding	91,031,565	79,031,565
Net operating cash flow per share (NOCFPS) (a/b)	<u>2.08</u>	<u>3.92</u>



26.00 Related party transactions

During the period, the Company carried out a number of transactions with related parties in the normal course of business. The names of the related parties and nature of these transactions have been set out in accordance with the provision of BAS 24:

Name of related party	Relationship	Nature of transaction	Transaction value during the Year	Outstanding balance as at June 30, 2014
M.L. Dyeing Limited	Common Director	Sale of goods	62,875,418	5,684,521

27.00 Production and product mix

Production capacity per year 9,000,000 Kg and during the year company produces 7,776,299 Kg of different types of Chemicals made up as follows:

Type of Chemicals	Production Qty in Kg	Product Mix
Softening Agent	1,542,358	20%
Scouring Agent	559,524	7%
Anti-Foaming Agent	691,248	9%
Levelling Agent	561,258	7%
Fixing Agent	709,524	9%
Stabilizer	1,186,524	15%
Retarding Agent	1,076,524	14%
Bleaching Agent	1,025,687	13%
Others	423,652	5%
Total	7,776,299	100%

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

Employee Position (as on June 30, 2014)

Salary Range	Officer & Staff		Worker	Total Employee
	Factory	Head Office		
Below 5992	20	5	121	146
Above 5992	5	12	115	132
Total	25	17	236	278

28.B Disclosure as per requirement of Schedule XI, part II, para 4 of companies act 1994

Payment to directors within the year of July 1, 2013 to June 30, 2014

Board Meeting attendance Fees: Tk.48,000

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

Name of Board of Directors	Designation	Meeting attending fees	Amount in Taka
Mr. Abid Mustafizur Rahman	Chairman	8,000	8,000
Mr. Kim Jung Suk	Managing Director	12,000	12,000
Mr. Rezaur Rahman Rajaon	Director	10,000	10,000
Mr. Lee Jong Kook	Director	8,000	8,000
Mr. Faiaz Kader	Director	10,000	10,000
Total			48,000

29.00 Events after reporting period (BAS-10)

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

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

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 2014 as required under Para 3, Schedule XI, Part II of the Companies Act 1994 are given below:

Particulars	01-07-2013 to 30-06-2014		01-07-2012 to 30-06-2013	
	Quantity in Kg	Amount in Taka	Quantity in Kg	Amount in Taka
Export Sales	7,652,106	1,198,194,039	7,421,568	1,097,422,650
Total	7,652,106	1,198,194,039	7,421,568	1,097,422,650

30.02 Capital expenditure commitment :

There was no capital expenditure commitment or contract at 30 June 2014. There was no material capital expenditure authorized by the Board but not contracted for at 30 June 2014. other than expansion by IPO Fund.

30.03 Directors' interest in contracts with the company :

There was no transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors.

30.04 Foreign remittances :

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



FAR Chemical Industries Limited
Schedule of Property, Plant and Equipment
For the financial year ended 30 June 2014

Particulars	Cost		Rate of depreciation/ amortization	Depreciation		Written Down Value as at June 30, 2014	Written Down Value as at June 30, 2013
	Balance as on July 01, 2013	Addition during the year		Balance as on June 30, 2014	Charged during the year		
Leasehold land development	34,788,996	-	3.33%	2,079,792	1,158,474	31,550,730	32,709,204
Factory building	204,565,557	9,521,548	2.5%	10,771,951	4,963,860	198,351,295	193,793,606
Plant and machinery	599,937,627	52,980,813	10.00%	182,325,639	44,410,239	226,735,878	417,611,988
Electrical installation	37,755,969	11,254,834	10.00%	9,050,449	3,433,294	12,483,743	28,705,520
Compressor	15,265,321	63,524,870	10.00%	2,469,215	4,455,854	6,925,069	71,865,122
Fork lift	10,577,452	4,985,427	10.00%	1,220,559	1,184,961	2,405,520	13,157,359
Water line installation	6,438,834	9,856,247	10.00%	1,676,502	969,046	2,645,548	13,649,533
Office equipment	4,366,005	1,954,287	10.00%	804,148	453,900	1,258,048	5,062,244
Furniture and Fixture	3,324,313	2,105,683	20.00%	1,646,090	546,213	2,192,303	3,237,693
Total	917,020,074	156,183,709		1,073,203,783	61,575,839	273,620,184	799,583,599
				212,044,345			704,975,729

Allocation of depreciation

Manufacturing Expenses (Note-16)	98.80%	60,836,929
Selling and Distribution Expenses (Note-17)	0.36%	221,673
Administrative Expenses (Note-18)	0.84%	517,237
	100%	61,575,839

Leasehold land development represents the cost incurred to develop land after being taken over from BEPZA. Soil filling, internal road and boundary wall are the components of this amount. Total area of the factory is 43,065 Sq. ft as per lease agreement and the lease term is for 30 years. Accordingly the leasehold land development cost is being amortized over a period of 30 years on straight line basis.

