# Independent Auditor's Report

## LUB-RREF (BANGLADESH) LIMITED

### For the year ended 30th June, 2019

**MANAGING PARTNER:**
MD. ASHRAF UDDIN AHMED
LLB, CFC, FCA

**PARTNERS:**
ENAMUL KABIR, FCA
MD. MOHIUDDIN AHMED, FCA, CFC

**Corporate Address :** 142/B, Green Road (3rd & 4th Floor)
Dhaka- 1215, Bangladesh.
**Registered Address :** Rahman Chamber (5th Floor)
12-13, Motijheel Commercial Area, Dhaka. Bangladesh.

## Independent Auditor's Report
## To the Shareholders of LUB-RREF (BANGLADESH) LIMITED
## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **LUB-RREF (BANGLADESH) LIMITED**('the company) which comprise the Statement of Financial Position as on 30th June, 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and a summary of significant accounting policies and other Explanatory Notes to the Financial Statement.

In our opinion, the financial statements prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) give a true and fair view of the financial position of **LUB-RREF (BANGLADESH) LIMITED** as of 30th June, 2019 and results of its financial performance and its cash flows for the year then ended & comply with the Companies Act 1994, & other applicable laws & 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirement that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgments, were of most significant 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.

**1.Revenue Recognition**
**Ref: Note 20.00**

| Key audit matters | How our audit address the matter |
|---|---|
| The company recognized revenue(100% local) Tk.1,543,942,711/- for the year.<br><br>Revenue recognition have significant and widespread influence over the financial statements and plays a vital role in calculating Corporate Tax. Since, revenue recognition is one of the performance indicators in almost all sector, there always exist risk of revenue smoothing or window dressing. | -We clearly encoded the total procedure of sales process starting from receipt of customer order to realization of revenue.<br><br>-We tested the key controls over approval of sales order, signing off documents by appropriate personnel and input sales data into system in a complete & accurate manner.<br><br>-On sample basis, we tested the work order proceed documents and other supportings like dispatch note, Invoice & receipt of final amount. |

| | |
|---|---|
| As per IFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service. | We also reviewed the sales contract agreements with different buyer.<br><br>-We tested the correctness of journal entries and recalculate the amount shown in sales ledger and make sure that the carry forward figure is accurate.<br><br>-We carefully checked that, no unusual journal entries were made at the period end and also check the transactions/entries just before and after the balance sheet date to confirm cut off.<br><br>-We also considered testing of some post balance sheet date invoices to make sure that the cut off dates are correct all reported revenues are relevant with current year. |

**2.Inventory Valuation**
**Ref: Note 4.00 ; 4.01 ;4.02 ;4.03**

| Key audit matters | How our audit address the matter |
|---|---|
| The company has shown sum of Tk. 515,046,937/- as closing inventory which represents 10.2% of total assets. For an understanding we refer to note no : 2.14 where the company disclosed it's policy notes regarding inventory valuation.<br><br>Inventories are usually carried in financial statements at the lower of cost and net realizable value. Since frequent changes in customer demand is unavoidable in manufacturing industry and a large quantity of raw material is held. As a result, there is risk that the carrying value of inventory exceeds net realizable value. | We obtained an understanding of the company's inventory control environment. Furthermore we conducted a risk assessment and identified software applications, databases, operating systems and physical safeguard that are relevant to our audit.<br><br>We tested key controls particularly in the area of access protection and linkage of such controls to the completeness and accuracy of financial reporting. Our audit procedures included, but were not limited to, the following:<br><br>-We made sure that closing balances care carried forward correctly and current year purchase amounts are in agreement with ledger balances.<br><br>- Due to distant location, physical verification of inventory held at Chittagong factory store and Bogra warehouse was not possible. Only physical inspection carried out in warehouse located at Matuail, Dhaka.<br><br>- We reviewed the reliability and accuracy of recording system and verify the authorization of data input in software.<br><br>-We reviewed the company's policy of accounting for obsolete, damaged & slow moving items along with procedure for disposal. |



Ashraf Uddin & Co. DHAKA Chartered Accountants

| | |
|---|---|
| | -We have checked the physical safeguard of equipments, machineries & parts held at store of the company.<br><br>- We also reviewed the requisition process of inventory and control on dispatch of items.<br><br>-We have also considered the adequacy of the company's disclosures in respect of inventory is in line with relevant standard. |
| **3. Tax Status of the company**<br>**Ref: Note 28.00 '28.01 ; 28.02** | |
| **Key audit matters** | **How our audit address the matter** |
| As per IAS 12 Income Taxes, the two components of the company's estimated tax is Current Tax & Deferred Tax. There is a current tax liability of 35,710,818/- & a deferred tax liability of 57,403,279/-.<br><br>The company had made disclosure in note no : 2.33 ; 2.33.1 & 2.33.2 which gives an understanding of the provisions made against tax. | -We verified that right opening balances are carried forward in current & deferred tax account.<br><br>-We reviewed that the company had enjoyed Tax holiday under National Board of Revenue's order ref-11(7), anu-1/2007/902(2) dated 31.03.2008 which expires in 2010. We have nothing to report on this regard.<br>-The assessment is complete up to A/Y 2014-2015 & assessment under process A/Y 2015-2016 ; 2016-2017 & 2017-2018. |
| The temporary difference of deferred tax consists critical calculation and forecast. The uncertainty in forecasting or lack of expertise may results in material misstatements which may have an impact on corporate tax. | -We made sure that ,the tax base is according to 3rd schedule of ITO 1984 and the accountant of the company have clear understanding of posting the associated journal entries.<br><br>- We recalculated the figures presented in the financial statements and made sure they are in agreement with general ledger.<br><br>-We evaluated the adequacy of financial statement disclosures including key assumptions, judgments and sensitivities. |

**Other Information**

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

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



Ashraf Uddin & Co. Chartered Accountants DHAKA

In connection with our audit of the financial statements, our responsibility is to read the other information 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.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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.



Ashraf Uddin & Co. Chartered Accountants DHAKA

**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 accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
c) The statements of financial position and statement of profit or loss and other comprehensive income
d) The expenditure incurred was for the purposes of the the Company's business.

**Place : Dhaka**
**Date : October 15, 2019**

Ashraf Uddin & Co.
Chartered Accountants

Ashraf Uddin & Co.
DHAKA
Chartered Accountants

**LUB -RREF (BANGLADESH) LIMITED**
B-6 (Part) 9-10 & 23-24
BSCIC Industrial Estate, Block-A
Custom Academy Sagarika Road
Chittagong-4213

**Statement of Financial Position**
**As at June 30, 2019**

| | Notes | Amounts in Taka 30-Jun-19 | Amounts in Taka 30-Jun-2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current Assets** | | **3,627,445,483** | **3,356,504,608** |
| Property, Plant and Equipment | 3.00 | 3,627,445,483 | 3,356,504,608 |
| **Current Assets** | | **1,419,884,172** | **1,294,612,446** |
| Inventories | 4.00 | 515,046,937 | 490,787,134 |
| Receivables | 5.00 | 407,670,496 | 346,224,382 |
| Advances, Deposits & Prepayments | 6.00 | 351,515,545 | 278,687,677 |
| Related Party Current Accounts | 7.00 | 67,526,936 | 48,180,000 |
| Cash and Cash Equivalents | 8.00 | 78,124,257 | 130,733,253 |
| **TOTAL ASSETS** | | **5,047,329,655** | **4,651,117,054** |
| **SHAREHOLDER'S EQUITY AND LIABILITIES** | | | |
| **Shareholders' Equity** | | **3,193,092,083** | **2,984,337,610** |
| Share Capital | 9.00 | 1,000,000,000 | 1,000,000,000 |
| Share Premium | 9.01 | 458,500,000 | 458,500,000 |
| Revaluation Reserve | 10.00 | 597,274,195 | 603,645,902 |
| Retained Earnings | 11.00 | 1,137,317,888 | 922,191,708 |
| Share Money Deposits | 12.00 | - | - |
| **Non-current Liabilities** | | **1,062,096,527** | **996,471,549** |
| Long-Term Loan-Non Current Portion | 13.00 | 753,066,795 | 742,895,373 |
| Lease Liabilities-Non Current Portion | 14.00 | 634,182 | 1,459,486 |
| Deferred Tax Liability | 15.00 | 308,395,550 | 252,116,690 |
| **Current Liabilities** | | **792,141,046** | **670,307,895** |
| Long-Term Loan-Current Portion | 13.00 | 234,000,000 | 78,000,000 |
| Lease Liabilities- Current Portion | 14.00 | 1,147,716 | 1,147,716 |
| Short-Term Bank Loan | 16.00 | 439,170,175 | 521,423,550 |
| Liability for WPPF | | 15,037,208 | 13,590,920 |
| Trade Payables | 17.00 | 28,294,927 | 12,516,851 |
| Liability for Current Tax | 18.00 | 65,824,051 | 30,113,234 |
| Liability for Expenses | 19.00 | 8,666,969 | 13,515,624 |
| **TOTAL SHAREHOLDERS EQUITY & LIABILITIES** | | **5,047,329,655** | **4,651,117,054** |
| **NET ASSET VALUE PER SHARE (NAV) with Re-Valuation** | 30.00 | **31.93** | **29.84** |
| **NET ASSET VALUE PER SHARE (NAV) without Re-Valuation** | | **25.96** | **23.81** |

*The annexed notes form and integral part of these Financial Statements.*

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

Signed as per our annexed report of even date

Ashraf Uddin& Co.
Chartered Accountants

Date: 15 October, 2019
Place: Dhaka

Ashraf Uddin & Co. Chartered Accountants DHAKA

**LUB -RREF (BANGLADESH) LIMITED**
B-6(Part) 9-10 & 23-24
BSCIC Industrial Estate, Block-A
Custom Academy Sagarika Road
Chittagong-4213

## Statement of Profit or Loss & Other Comprehensive Income

For the year ended June 30, 2019

| | Notes | Amounts in Taka | |
|---|---|---|---|
| | | Fy(2018-2019) | Fy(2017-2018) |
| Net Revenues | 20.00 | 1,533,942,711 | 1,375,933,622 |
| Cost of Goods Sold | 21.00 | (1,040,883,326) | (933,851,840) |
| **Gross Profit** | | **493,059,385** | **442,081,782** |
| **Operating Expenses** | | **(187,069,729)** | **(169,302,913)** |
| General and Administrative Expenses | 22.00 | (47,711,529) | (42,816,717) |
| Selling and Distribution Expenses | 23.00 | (38,538,717) | (33,533,577) |
| Other Operating Income | 24.00 | 29,025,084 | 18,751,650 |
| Financial Expenses | 25.00 | (129,844,567) | (111,704,269) |
| **Operating Profit for the Year** | | **305,989,656** | **272,778,869** |
| **Other Non Operating Income** | | **9,791,702** | **12,630,446** |
| Financial Income | 26.00 | 2,906,744 | 970,670 |
| Income from Others | 27.00 | 6,884,958 | 11,659,776 |
| **Profit Before WPPF & Income Tax** | | **315,781,358** | **285,409,315** |
| Less: Contribution to WPPF | | (15,037,208) | (13,590,920) |
| **Profit Before Income Tax for the Year** | | **300,744,151** | **271,818,395** |
| **Provision for Income Tax** | | **(93,114,097)** | **(67,314,068)** |
| Current Tax | 28.01 | (35,710,818) | (12,788,768) |
| Deferred Tax | 28.02 | (57,403,279) | (54,525,300) |
| **Net Profit After Tax for the Year** | | **207,630,054** | **204,504,327** |
| **Other Comprehensive Income** | | **1,124,419** | **320,161,296** |
| Deferred Tax (Expenses)/Income of Revaluation Resurve | 15.02 | 1,124,419 | (12,038,643) |
| Revaluation Resurve made during the year | 3.02 | - | 332,199,939 |
| **Total Comprehensive Income for the Year** | | **208,754,473** | **524,665,624** |
| **Earnings Per Share (EPS) Basic** | 29.00 | **2.08** | **2.07** |
| **Earnings Per Share (EPS) Diluted** | | **2.08** | **2.05** |

*The annexed notes form and integral part of these Financial Statements.*

| | | | | |
|---|---|---|---|---|
| *Chairman* | *Managing Director* | *Director* | *Company Secretary* | *Chief Financial Officer* |

Signed as per our annexed report of even date

Date: 15 October, 2019
Place: Dhaka

Ashraf Uddin & Co
Chartered Accountants

**LUB -RREF (BANGLADESH) LIMITED**
B-6(Part) 9-10 & 23-24
BSCIC Industrial Estate, Block-A
Custom Academy Sagarika Road
Chittagong-4213

**Statement of Changes in Equity**
**For the year ended June 30, 2019**

Amount in Taka

| Particulars | Share Capital | Share Premium | Revaluation Reserve | Share Money Deposits | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| **Balance as at July 01, 2018** | **1,000,000,000** | **458,500,000** | **603,645,903** | **-** | **922,191,708** | **2,984,337,610** |
| Addition during the Year | - | - | - | | - | - |
| Adjustment for Revaluation Surplus | - | - | (7,496,127) | | 7,496,127 | - |
| Defered Tax on Revaluation Reserve | - | - | 1,124,419 | | | **1,124,419** |
| Net profit/ ( Loss) after tax for the Year | - | - | - | | 207,630,054 | **207,630,054** |
| **Balance as at June 30, 2019** | **1,000,000,000** | **458,500,000** | **597,274,195** | **-** | **1,137,317,888** | **3,193,092,083** |

**Statement of Changes in Equity**
**For the year ended June 30, 2018**

Amount in Taka

| Particulars | Share Capital | Share Premium | Revaluation Reserve | Share Money Deposits | Retained Earnings | Total |
|---|---|---|---|---|---|---|
| **Balance as at July 01, 2017** | **700,000,000** | **-** | **291,813,636** | **548,500,000** | **709,358,351** | **2,249,671,987** |
| Addition during the Year | 300,000,000 | 458,500,000 | 332,199,939 | 210,000,000 | - | **1,300,699,939** |
| Allotment made during the year | | | | (758,500,000) | | **(758,500,000)** |
| Adjustment for Revaluation Surplus | - | - | (8,329,030) | | 8,329,030 | - |
| Defered Tax on Revaluation Reserve | - | - | (12,038,643) | | - | **(12,038,643)** |
| Net profit/ ( Loss) after tax for the Year | - | - | - | | 204,504,327 | **204,504,327** |
| **Balance as at June 30, 2018** | **1,000,000,000** | **458,500,000** | **603,645,903** | **-** | **922,191,708** | **2,984,337,610** |

*Chairman* | *Managing Director* | *Director* | *Company Secretary* | *Chief Financial Officer*

**Date: 15 October, 2019**
**Place: Dhaka**

Ashraf Uddin & Co. Chartered Accountants DHAKA

**LUB -RREF (BANGLADESH) LIMITED**
B-6 (Part) 9-10 & 23-24
BSCIC Industrial Estate, Block-A
Custom Academy Sagarika Road
Chittagong-4213

## Statement of Cash Flows

For the year ended June 30, 2019

| | Note | Amounts in Taka | |
|---|---|---|---|
| | | Fy(2018-2019) | Fy(2017-2018) |
| **A. Cash Flows From Operating Activities:** | | | |
| Receipts from Customers | 42.00 | 1,501,235,830 | 1,399,171,969 |
| Receipts from Other Non-operating Income | | 208,446 | 1,627,626 |
| Payments to Suppliers | 43.00 | (924,928,614) | (921,285,101) |
| Payments for Employee | 44.00 | (56,271,395) | (29,689,274) |
| Payments to Operating Expenses | 45.00 | (88,099,238) | (14,160,584) |
| Income Tax Paid | | (32,857,450) | (18,009,199) |
| **Net Cash (Used In) / Generated By Operating Activities** | | **399,287,581** | **417,655,438** |
| **B. Cash Flows From Investing Activities:** | | | |
| Purchase of Property, Plant & Equipment | | (47,817,010) | (14,112,187) |
| Addition in Capital Work-In-Progress | | (320,332,105) | (535,403,046) |
| Finance Expenses Capitalized | | (27,517,807) | (18,205,250) |
| Interest from FDR | | 3,156,027 | 267,443 |
| Advance against Floor Purchase | | - | (5,300,000) |
| Adjustment of Related Party Current Account | | (12,633,857) | 139,223,437 |
| **Net Cash (Used In) / Generated By Investing Activities** | | **(405,144,752)** | **(433,529,602)** |
| **C. Cash Flows From Financing Activities:** | | | |
| Financial Expenses Paid | | (129,844,567) | (111,704,269) |
| Repayment of Short-term loan | | (82,253,375) | (20,725,484) |
| Repayment of Long-term loan | | 165,346,117 | (4,699,554) |
| Addition of Share Money Deposit | | - | 210,000,000 |
| **Net Cash (Used In) / Generated By Financing Activities** | | **(46,751,825)** | **72,870,693** |
| **D. Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)** | | **(52,608,996)** | **56,996,530** |
| E. Opening Cash and Cash Equivalents | | 130,733,253 | 73,736,724 |
| **F. Closing Cash And Cash Equivalents (D+E)** | | **78,124,257** | **130,733,253** |
| **Net Operating Cash Flow Per Share (Basic) Note-31.00** | | **3.99** | **4.23** |

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

Signed as per our annexed report of even date.

Date: 15 October, 2019
Place: Dhaka

Ashraf Uddin & Co. DHAKA Chartered Accountants

**LUB -RREF (BANGLADESH) LIMITED**
B-6(Part) 9-10 & 23-24
BSCIC Industrial Estate, Block-A
Custom Academy Sagarika Road
Chittagong-4213

**Notes, Comprising Summary of Significant Accounting Policies and Other Explanatory Information**
For the year ended 30th June 2019

**1. 00 Status of the Reporting Entity**

**1.01 Legal Status:**

Lub-rref (Bangladesh) Limited was incorporated as a public company limited by shares on 18 November, 2001 under the Companies Act, 1994. The company started its commercial operation in 2006. The registered office of the company is located at Plot No.-B-6 (part), 9, 10 BSCIC Industrial Estate, Sagarika Road, Chittagong, Bangladesh.

**1.02 Nature of Business**

The principal activities of the Company are to manufacture of lubricants & allied products in its factory at Plot No.-B-6 (part), 9, 10 BSCIC Industrial Estate, Sagarika Road, Chittagong. The Lubricant manufacturing plant has modern and latest machinery to produce various types and categories of lubricants, Automotive, Industrial, Marine lubricants and Grease as well as laboratory Services and marketing same conforming to latest claims like of API, ACEA, VOLVO, BMW, MB, Wartsila, MTU, DIN, MAN, Waukesha, Denison, Vickers, AFNOR, etc. and the project also envisages further expansion, producing the specialty products in near future with foreign technical assistance through its divisional Sales Points through the country.

**2.00 Significant Accounting Policies and Basis of Preparation of the Financial Statements**

The accounting policies set out below have been applied consistently (otherwise as stated) to all periods presented in these financial statements:

**2.01 Going Concern**

The company has adequate resources to continue in operation for the foreseeable future and hence, the financial statements have been prepared on a going concern basis. As per management assessment, there is no material uncertainties related to event or condition which may cast significant doubt upon the company's ability to continue as a going concern.

**2.02 Use of Estimates and Judgments**

The preparation of financial statements 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Financial Statements. The account judgments, estimates and assumptions are been used in the following heads of Accounts for the preparation of Financial Statements:

Note: 2.08.1 Recognition, Measurement and Disclosure of Property, Plant and Equipment
Note: 2.08.3 Depreciation on Fixed Assets
Note: 2.08.7 Impairment of Assets
Note: 2.08.8 Revaluation of Property, Plant & Equipment
Note: 2.11 Inventories (Provision for Damage & Obsolete)
Note: 2.13 Provision, Contingent Liabilities and Contingent Assets
Note: 2.12.3 Accounts receivables (Trade Debtors)
Note: 2.12.8 Trade Payables and Accruals

Note: 2.15 Revenue recognition
Note: 2.16 Foreign Currency Transactions and Translations
Note: 2.17 Employees Benefits
Note: 2.18 Finance Income and Expenses
Note: 2.27 Income Taxes (Current and Deferred Tax)

**2.03 Principal Accounting Policies**

The financial statements have been prepared and the disclosure of information made in accordance with the requirements of the Companies Act 1994 and International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). The Board of Directors is responsible for preparing and presenting the financial statements including adequate disclosure, which approved and authorized for the issue of these financial statements. The Statements of Financial Position and Statement of Profit or Loss and other Comprehensive Income have been prepared according to IAS-1"**Presentation of Financial Statements**" based on an accrual basis of accounting following going concern assumption and Statement of Cash Flows according to IAS 7 "**Statement of Cash Flows**".

**2.04 Applicable Accounting Standards**

The following International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) is applicable to the financial statements for the year under review:

| | |
|---|---|
| IAS 1 | Presentation of Financial Statements |
| IAS 2 | Inventories |
| IAS 7 | Statement of Cash Flows |
| IAS 8 | Accounting Policies, Changes in Accounting Estimates & Errors |
| IAS 10 | Events after the Reporting Period |
| IAS 12 | Income Taxes |
| IAS 16 | Property, Plant & Equipment |
| IAS 17 | Leases |
| IAS 19 | Employee Benefits |
| IAS 21 | The Effects of Changes in Foreign Exchange Rates |
| IAS 23 | Borrowing Costs |
| IAS 24 | Related Party Disclosures |
| IAS 28 | Investment in Associates and Joint Ventures |
| IAS 33 | Earnings Per Share |
| IAS 37 | Provision, Contingent Liabilities and Contingent Assets |
| IFRS 7 | Financial Instruments: Disclosures |
| IFRS 8 | Operating Segments |
| IFRS 9 | Financial Instruments |
| IFRS 13 | Fair Value Measurement |
| IFRS 15 | Revenue from Contracts with Customers |

**2.05 Changes in significant accounting policies**

Except the changes following, the Company has consistently applied the accounting policies to all periods presented in these financial statements. The Company has initially adopted IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments from 1 July 2018. There is no impact on financial statements on initial application of the standards.

**2.06 IFRS 15 Revenue from contracts with customers**

"IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Company has adopted IFRS 15 Revenue from Contracts with Customers. The adoption of this standard has no impact on the Company's financial statements. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

**Classification and measurement of financial assets and financial liabilities**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI (Fair Value through Other Comprehensive Income) and FVTPL (Fair Value through Profit or Loss). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9. The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements.

| Particulars | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 |
|---|---|---|---|---|
| **Financial assets**<br>Trade Receivables and Cash & Cash Equivalents | Loans and receivables | Amortised cost | 476,957,635 | 476,957,635 |
| **Financial liabilities**<br>Trade Payables | Other financial liabilities | Other financial liabilities | 12,516,851 | 12,516,851 |

Trade Receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. No material impact to the primary financial statements has arisen on the adoption of IFRS 9 and the Company has not restated prior periods on adoption of IFRS 9. The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 July 2018.

| Particulars | IAS 39 carrying amount at 30 June 2018 | Re-measurement | IFRS 9 carrying amount at 01 July 2018 |
|---|---|---|---|
| **Financial Assets** | | | |
| Trade Receivables | | | |
| Brought forward: Loans and receivables Re-measurement | 346,224,382 | - | 346,224,382 |
| Carried forward: Amortised cost | | | |
| **Cash and cash equivalents** | 130,733,253 | - | 130,733,253 |
| Brought forward: Loans and receivables Re-measurement | | | |
| Carried forward: Amortised cost | | | |
| **Total amortized cost** | **476,957,635** | | **476,957,635** |

**Impairment of financial assets**

IFRS 9 replaces the 'Incurred Loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Credit risk is minimized due to the quality and short-term nature of the Company's trade receivables as well as the fact that the exposure is spread over a large number of customers. No material impact to the primary financial statements has arisen on the adoption of IFRS 9 and the Company has not restated prior periods on adoption of IFRS 9.

**2.07 Standards issued but not yet effective**

In January 2018, the Institute of Chartered Accountants of Bangladesh (ICAB) has adopted International Financial Reporting Standards issued by the International Accounting Standards Board as IFRSs. As the ICAB previously adopted such standards as Bangladesh Financial Reporting Standards without any modification, this adoption does not have any impact on the financial statements of the Company for annual periods beginning on or after 01 January 2018. A number of new standards are effective for annual periods beginning or after 01 January 2018 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements. Of those standards that are not yet effective, IFRS 16 is expected to have a material impact to the Company's financial statements in the period of initial application.

**IFRS 16 Leases**

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. Although early adoption is permitted, the company has not early adopted IFRS 16 in preparing these financial statements. The most significant impact identified is that, the company will recognize new assets and liabilities for its operating leases of corporate offices and sales depot. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognized operating and finance lease expense on a straight-line basis over the term of the lease, and recognized liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognized. As a lessee, the company plans to apply IFRS 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information. The company also plans to apply IFRS 16 to all contracts entered into before 1 July 2019 and identified as leases in accordance with IAS 17 and IFRIC 4. The company is currently assessing the impact of initially applying the standard on the elements of financial statements.

**2.08 Regulatory and Legal Compliances**

The company is also required to comply with the following major laws and regulation in addition to the Companies Act, 1994:

The Income Tax Ordinance, 1984
The Income Tax Rules, 1984
The Value Added Act, 1991
The Customs Act, 1969
Bangladesh Labor Law, 2006
The Securities & Exchange Ordinance, 1969
The Securities and Exchange Rules, 1987.

**2.09 Reporting Period**

The financial period of the company covers One year from July 01, 2018 to June 30, 2019.

**2.10 Functional and Presentational reporting currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency.

**2.11 Property, Plant and Equipment**

**2.11.1 Recognition, Measurement and Disclosure**

Property, plant and equipment except land and building are measured at cost less accumulated depreciation and impairment losses if any. Land and buildings are measured at fair value. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable inward freight, duties and non-refundable taxes. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. The Company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred. In accordance with the allowed alternative treatment of ***IAS 23 "Borrowing Cost*** "finance costs have been capitalized for qualifying assets.

**2.11.2 Depreciation on Fixed Assets**

Depreciation on fixed assets is computed using the reducing balance method so as to write off the assets over their expected useful life. After considering the useful life of assets as per IAS-16 Property, Plant & Equipment the annual depreciation rates applied under which is considered reasonable by the management. Depreciation rates varying from 2.5% to 20%. Depreciation of an asset begins when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The cost and accumulated depreciation of depreciable assets retired or otherwise disposed of are eliminated from the assets and accumulated depreciation and any gain or loss on such disposal is reflected in operations for the period.

| Category | Rate (%) |
|---|---|
| Land & Land Development | 0% |
| Office Building | 2.5% |
| Air Conditioner | 10% |
| Computer & Computer Accessories | 10% |
| Fire Extinguisher | 10% |
| Furniture & Fixture | 10% |
| Vehicles | 20% |
| Office Equipment | 10% |
| Plant & Machineries | 10% |
| Electricity Installation | 10% |
| Factory Building & Shed | 2.5% |
| Factory Equipment | 10% |
| Gas Installation | 10% |
| Generator | 10% |
| Weighing Scale | 5% |
| Interior Decoration | 15% |
| Kitchen Equipment | 10% |
| Ware House, Dhaka | 10% |

- The Company used branded plant and machinery in its production process which were procured form German, USA, & other European countries. With a small maintenance, the life of the assets can be strengthened and can be modified as per the requirement of the Company. That is why the depreciation on plant and machineries are 10%. The factory buildings life time are also considered 40 years which is very reasonable. That is why, the rate is 2.5%. Another reason is that the main factory building is built with RCC structures and other factory buildings were built with pre-fabricated structures. And Other Fixed Asset's life time is considered 10 years (Motor Vehicle 5 years) which is very reasonable.

**2.11.3 Disposal of Fixed Assets**

An asset is derecognized upon disposal or when no future economic benefits are expected from its use and subsequent disposal. Gains or losses arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset is recognized as gain or loss from disposal of asset under other income in the statement of comprehensive income.

**2.11.4 Maintenance Activities**

The company incurs maintenance cost all its major items of property, plant and equipment. Repair and Maintenance costs are charged as expenses when incurred.

**2.11. 5 Subsequent Costs**

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the profit and loss account as incurred.

**2.11.6 Revaluation of Property, Plant & Equipment**

As per **IAS16: Property, Plant and Equipment** paragraph 34, "the frequency of revaluations depends upon the changes in fair vales of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three of five years.

To comply with the above paragraph The Company made its first valuation of Land and Land Development, Plant and machineries and Building and other construction on 31 December 2013 and Secondly on 30 June 2017 by an independent valuer to reflect fair value (Market Approach) thereof following 'Current Cost Method' as per IFRS-13 'Fair Value Measurement'.

| Particulars Of Assets | Name of Valuer | Qualification of the Valuer | Date of Revaluation | Carrying amount of Assets | 'Value of the assets after revaluation | Revaluation Surplus in 31.12.13 | Revaluation Surplus in 30.06.2017 |
|---|---|---|---|---|---|---|---|
| Land and Land Development | Ahmad & Akhtar | Chartered Accountants | 07.12.17 | 512,848,032 | 107,5273,891 | 230,225,920 | 332,199,939 |
| Building and other construction | | | | 322,337,791 | | - | - |
| Plant and machineries | | | | 1,037,285,372 | 1,157,584,903 | 120,299,531 | - |

The increase in the carrying amount of revalued assets is recognized in the separate component of equity as Revaluation Surplus. However, the increase recognized in the statement of Profit or Loss and Others Comprehensive Income for year ended June 30, 2018.

Other Non-Current Assets were kept outside the scope of the revaluation works. These are expected to be realizable at written down value (WDV) as mentioned in the statement of Financial Position of the company.

The Company revalued its only land and land development as per valuation guidelines issued by the Bangladesh Securities and Exchange Commission (BSEC) dated on 18 August 2013 clause 09 of Part A. For better understanding, a table showing below;

| Name of PPE | At Cost as on 30 June 2017 | Revalued amount as on 30 June 2017 | Revaluation Surplus on 31 Dec. 2013 | Revaluation Surplus on 30 June 2017 | Remarks |
|---|---|---|---|---|---|
| Land and Land Development | 512,848,032 | 1,075,273,891 | 230,225,920 | 332,199,939 | As per (BSEC) valuation guideline dated on 18 August 2013 clause-8 Time-lag between two valuation for the same class of assets shall not be less than three years; provided that no upward revaluation of |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | an asset shall be made within two years of its acquisition; |
| Office Building, Factory Building and Ware House | 322,337,791 | 322,337,791 | - | - | As per (BSEC) valuation guideline dated on 18 August 2013 clause-9(iii) upward revaluation of the asset are not allowed ' Tin-shed buildings, buildings having remaining economic life of less than 50% of its total useful life, as estimated at construction'' |
| Plant & Machineries | 1,037,285,372 | 1,119,993,956 | 120,299,531 | | As per (BSEC) valuation guideline dated on 18 August 2013 clause-9(iii) upward revaluation of the asset are not allowed ' Plant & machineries acquired in second in hand condition, acquired in |

| | | | | | |
|---|---|---|---|---|---|
| | | | | | brand new condition but having remaining economic life of less than 50% of its total useful life, as estimated at acquisition'' |
| All other assets | 31,699,365 | - | - | - | As per (BSEC) valuation guideline dated on 18 August 2013 clause-9(iv) upward revaluation of the asset are not allowed 'Vehicles, furniture & Fittings, office equipment, loose tools and intangible assets'' |

**2.11.7 Impairment of Assets**

The management of the Company takes physical stocks periodically and recognition of the assets were made accordingly considering the usable condition, wear and tear of the assets as follows:

i) The valuation of Property, Plant & Equipment has been made on the basis of the usuable condition of the assets as per IAS-36 Impairment of Assets.

ii) The management of the Company has conducted physical verification fo Property, Plant & Equipment on 30.06.2019

Property, Plant & Equipments are consisting of Office Building, Air Conditioner, Computer & Computer

Accessories, Fire Extinguisher, Furniture & Fixture, Vehicles, Office Equipment, Plant & Machineries, Electricity Installation, Factory Building & Shed, Factory Equipment, Gas Installation , Generator, Weighing Scale, Interior Decoration, Kitchen Equipment and Ware House are valued at lower of cost and net realisable value as per IAS 16: Property, Plant & Equipment Costs include expenditure incurred in acquiring the the assets and other costs incurred in bringing them to their existing location and condition.

Impairment of assets are made as and when assets became obsolete or unusable for which the management of the company is giving decisions from time to time. The management of the Company reviews the carrying amounts of its assets (Balance Sheet Date) to determine whether there is any indication of impairment In accordance with IAS-36: 'Impairment of Assets'. During the year at Balance Sheet date, there was no indication of impairment of assets; as such, no adjustment was given in the Financial Statements for impairment.

**2.12 Intangible Asset**

The Company has no Intangible assets during the year.

**2.13 Capital Work in Progress**

Property, plant and equipment under construction/ acquisition are accounted for as capital work-in-progress until construction/ acquisition is complete and measured at cost. In Addition, As per IAS 23, the Interest expense on the bank loan taken for acquisition of plant and machinery has been capitalized since the assets could not make ready for use during the reporting period.

**2.14 Inventories**

Inventories consisting of raw materials, work in progress, finished goods are valued at lower of cost and net realisable value as per IAS 2: Inventory. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Impairment of Inventories**

Impairment of inventory is made as and when inventory became obsolete or unusable or for slow moving items for which the management of the company is giving decisions from time to time. Based on sales cycle of slow moving items, the sales prices of the products may decreases over time. The management of the Company reviews the carrying amounts of its inventory (Balance Sheet Date) to determine whether there is any indication of impairment In accordance with IAS-2: 'Inventories'. When the sales price moves below the inventory cost prices, the loss on sales is recoginized immediately in the Financial Statements. However, there was no indication of impairment of inventory during the year; and as such, no adjustment was given in the Financial Statements for impairment.

**2.15 Financial Instruments**

**2.15.1 Derivative**

According to **IFRS 7 "Financial Instruments Disclosure",** the company was not a party to any derivative contract (Financial instruments) at the Balance Sheet date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to leases in future.

**2.15.2 Non-Derivation Financial Instruments**

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

**2.15.3 Trade and other 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.

**2.15.4 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.



Ashraf Uddin & Co.
DHAKA

**2.15.5 Trade Payables and Accruals**

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

**2.15.6 Share Capital**

Ordinary shares are classified as equity.

**2.16 Provision, Contingent Liabilities and Contingent Assets**

The financial statements are prepared in conformity with IAS 37 "Provision, contingent Liabilities and Contingent Assets", which requires management to ensure that appropriate recognition criteria and measurement bases are applied to provision for outstanding expenses, contingent liability, assets and that sufficient information is disclosed in the notes to the accounts to enable its users for their understanding about its nature, timing and amount. 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 the past event.
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and
- Reliable estimate can be made about the sum of the obligation.

We have shown the provision in the statement of financial position at an appropriate level with regard to an adequate provision for risks and uncertainties. The sum of provision estimated and booked represents the reliable estimate of the probable expenses incurred but not paid, which is required to fulfill the current obligation on the Balance Sheet Date.

**2.17 Loans and Borrowing**

Principal amounts of loans and borrowings are stated at their outstanding amounts. Borrowings repayable after twelve months from the reporting date are classified as non-current liabilities whereas the portion payable within twelve months, unpaid interest and other charges are classified as current liabilities.

**2.18 Revenue Recognition**

"As per IFRS-15: "Revenue from Contracts from Customers" an entity shall account for a contract with a customer only when all of the following criteria are met:

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to performing their respective obligations;
(b) The entity can identify each party's rights regarding the goods or services to be transferred;
(c) The entity can identify the payment terms for the goods or services to be transferred;
(d) The contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
(e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer."

Considering the five steps model, the Company recognizes revenue at the time of when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods are considered as transferred when (or as) the customer obtains control of those goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts, rebates and Value Added Tax (VAT).

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer when the buyer's bank provides assurance by giving acceptance letter on the delivery of goods. Revenue represents the invoice value of goods supplied to the customers measured at the fair value of the consideration received or receivable.

In addition, prior year Financial Statements were prepared in accordance with Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standards (BFRSs). The management has made an assessment of the difference between IFRS and BFRS (mainly IFRS-15 'Revenue from contract with Customers' and IAS-18 'Revenue') and concluded that there are no differences that would impact any numerical amount and disclosures in the financial statement. For better presentation, the management reconciled Statement



Ashraf Uddin & Co. DHAKA

of Profit or Loss and Other Comprehensive Income as well as Statement of Financial Position of the company with the effect of IFRS-15 para c(8) which is shown below:

**Impact on Financial Position**
For the year ended 30th June 2019

| Particulars | As Reported | Adjustment (effect on IFRS-15) | Amount without adoption of IFRS-15 |
|---|---|---|---|
| **Assets** | | | |
| Non-Current Assets | 3,627,445,483 | - | 3,627,445,483 |
| Current Assets | 1,419,884,172 | - | 1,419,884,172 |
| **Total Assets** | **5,047,329,655** | - | **5,047,329,655** |
| **Shareholder's Equity and Liabilities** | | | |
| Shareholder's Equity | 3,193,092,083 | - | 3,193,092,083 |
| Non-Current Liabilities | 1,062,096,527 | - | 1,062,096,527 |
| Current Liabilities | 792,141,046 | - | 792,141,046 |
| **Total Shareholder's Equity and Liabilities** | **5,047,329,655** | - | **5,047,329,655** |

**Impact on the statement of Profit or Loss and other comprehensive Income**
For the year ended June 30, 2019

| Particulars | As Reported | Adjustment (effect on IFRS-15) | Amount without adoption of IFRS-15 |
|---|---|---|---|
| Revenue | 1,533,942,711 | - | 1,533,942,711 |
| Cost of Goods Sold | (1,040,883,326) | - | (1,040,883,326) |
| **Gross Profit** | **493,059,385** | - | **493,059,385** |
| Operating expenses | (187,069,729) | - | (187,069,729) |
| **Profit from Operation** | **305,989,656** | - | **305,989,656** |
| **Profit before Income Tax** | **300,744,151** | - | **300,744,151** |
| Income Tax Expense | (93,114,097) | - | (93,114,097) |
| **Profit after Income Tax** | **207,630,054** | - | **207,630,054** |
| Other Comprehensive Income for the year | 1,124,419 | - | 1,124,419 |
| **Total Comprehensive Income For the year** | **208,754,473** | - | **208,754,473** |

**Impact on the statement of Cash Flows**
For the year ended June 30, 2019

| Particulars | As Reported | Adjustment (effect on IFRS-15) | Amount without adoption of IFRS-15 |
|---|---|---|---|
| **Net Cash Generated from Operating Activities** | 399,287,581 | - | 399,287,581 |
| **Net cash Used to Investing Activities** | (405,144,752) | - | (405,144,752) |
| **Net cash Generated from Financing Activities** | (46,751,825) | - | (46,751,825) |
| **Net Increase/(Decrease) Cash and Cash Equivalents** | **(52,608,996)** | - | **(52,608,996)** |
| Cash and Cash Equivalents at the beginning of the year | 130,733,253 | - | 130,733,253 |
| **Cash and Cash Equivalents at the end of the year** | **78,124,257** | - | **78,124,257** |

**2.19 Financial instruments**

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

**Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI)–debt investment; Fair Value through Other Comprehensive Income (FVOCI)–equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

**A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:**

a. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:**

a. it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. The following accounting policies apply to the subsequent measurement of financial assets.

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

**Financial assets at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. Trade receivables are classified as financial assets measured at amortised cost.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**Impairment of financial assets**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on The Company's historical experience and informed credit assessment and including forward-looking information. The company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the company in full, without recourse by The company to actions such as realizing security (if any is held).

**Measurement of Expected Credit Losses (ECL)**
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset. At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company expected that they have no credit losses on Trade Receivables.

**Presentation of impairment**
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset. Impairment losses related to trade receivables and others, including contract assets, are presented separately in the notes to the financial statement if any.

**2.20 Impairment**

**i) Financial assets**

The Company recognizes loss allowances for Expected Credit Losses ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- Contract assets.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Except for the following, which are measured at 12-month ECLs?

- debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

**ii) Non-financial assets**

The carrying amounts of the Company's non-financial assets (other than inventories) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the Cash Generating Unit (CGU) to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

**2.21 Foreign Currency transactions and translations**

These Financial Statements are presented in Bangladeshi Taka which is the functional and presentation currency of the company. The import activities of the company were carried out in foreign currency but recorded and reported in Bangladesh Taka as the reporting Currency. Foreign exchange differences (if any) arising on translation are recognized in the Statement of comprehensive Income in accordance with IAS 21 "The Effects of Changes in Foreign Currency Rates."



Ashraf Uddin & Co.
DHAKA

**2.22 Employees Benefits**

The Company has accounted for and disclosed employee benefits in compliance with the provisions of IAS 19: Employee Benefits. The cost of employee benefits is charged off as revenue expenditure in the period to which the contributions relate. The Company's employee benefits include the following:

**Short-term employee benefits**

Short-term employee benefits include wages, salaries, bonuses, house rent, medical fees etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

**Provident Fund**

The Company has established and maintaining Contributory Provident Fund. Permanent employees of the Company contribute 8.33% of their basic salary to the provident fund and the Company also contributes the same.

**Workers' Profit Participation Fund (WPPF)**

The Company provides 5% of its profit before tax after charging contribution to WPPF in accordance with Bangladesh Labor Act, 2006 as amendment 2013.

**Gratuity:**

As per the Bangladesh Labor Act, 2006, who have completed minimum 5 (five) years of continuous service from the date of joining are eligible to gratuity payment at the time of separation of employment with the Company. The Company have not yet established gratuity fund. The Management of the Company has a plan to establish gratuity fund in near future.

**2.23 Finance Income and Expenses**

**Finance Income**

Finance Income comprises interest income on funds invested Interest Income is recognized on maturity.

**Finance Expenses**

Finance Expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the profit and loss account using the effective interest method except to the extent that they are capitalized during the constructions period of the plants in accordance with IAS-21 "The effect of Changes of Foreign Currency Transaction".

**2.24 Earnings per Share (EPS)**

The Company calculates its Earning per Share (EPS) in accordance with **IAS 33"Earnings per Share"** which has been shown on the face of Statement of Comprehensive Income and the computation of EPS.

**Basic Earnings Per Share**

The company presents its Basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the Period.

**Diluted Earnings per Share**

No diluted earnings per share are required to be calculated per Period as there was no scope for dilution during the Period.

**2.25 Statement of Cash Flows**

Statement of Cash Flows is prepared in accordance with IAS 7 "Statement of Cash Flows". The cash flow from the operating activities have been presented under Direct Method as prescribed by the Securities and Exchange Rules 1987 and considering the provisions of Paragraph 19 of IAS-7 which provides that "Entities are encouraged to report Cash Flows from Operating Activities using the Direct Method" as well as the indirect method.

**2.26 Responsibility for Preparation and Presentation of Financial Statements:**

The Management is responsible for the preparation and presentation of Financial Statements under Section 183 of the Companies Act, 1994 and as per the Provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standard Board (IASB) as adopted by the Institute of The Chartered Accountants of Bangladesh (ICAB).



Ashraf Uddin & Co. DHAKA

**2.27 Risk Exposure**

**Financial Risk Management Policies**

The company management has overall responsibility for the establishment and oversight of the company's risk management framework. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company has exposure to the following risks its use of financial instruments.

**Currency Risk**

The Company is exposed to foreign currency risk relating to purchases 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 a 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.

**Market risk**

Market risk is the risk that any change in market prices such as foreign exchange rates and interest will affect the company's income or the value of its holdings financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

**Interest rate risk:**

Interest rate risk is the risk that arises due to changes in interest rates on borrowing. There was no foreign currency loan which is subject to floating rates of interest. Local loans are, however, not significantly affected by fluctuations in interest rates. The company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date

**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.

**2.28 Risk and Uncertainties for the use of Estimates in Preparing Financial Statements**

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statement and revenues and expenses during the period reported. The actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

**2.29 Events after the Reporting Period**

Events after the reporting period that provide additional information about the company's positions at the balance sheet date are reflected in the financial statements if any. Events after the reporting period that are non-adjusting events are disclosed in the notes when material.

**2.30 Related Party Transactions**

The company, in the normal course of business, has carried out a number of transactions with other entities that fall within the definition. The objective of Related Party Disclosure IAS 24 is to ensure that an entity's Financial Statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operating decisions. The Company transacts with related parties and recognize as per IAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note – 36.

**2.31 Contingent Liabilities and Assets**

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 that are not within the control of the company.

**2.32 Comparative Amounts**

Certain comparative amounts have been re-classified & rearranged to conform to the current year's presentation and all numerical information in the current financial statements as below:

- Statements of Financial Position as of the end of the preceding financial year
- Statements of Comprehensive Income for the comparable of the preceding financial year.
- Statements of Changes in Equity for the comparable of the preceding financial year
- Statement Cash Flows for the comparable if the preceding financial year

Narrative and descriptive information for comparative information has also been disclosed whenever it is relevant for the understanding of the current Period financial statements.

**Rearrangement of Financial Statement:**

The previous year's figure has been rearrangement whenever considered necessary to ensure comparability with the current year presentation as per IAS: 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The following information has rearranged during the financial year:

| Before Rearrangement | After Rearrangement |
|---|---|
| Cash Payments to Suppliers included with 'Payments to Suppliers & Others' in the 'Statement of Cash Flows' | Cash Payments to Suppliers have separated from Payments to Suppliers & Others ' and presented separately under the head of 'Payments to Suppliers' in the 'Statement of Cash Flows' |
| Cash Paid to Employee included with 'Payment for Operating Expenses' and 'Payments to Suppliers & Others' in the 'Statement of Cash Flows' | Cash Paid to Employee have separated from 'Payments for Operating Expenses' and 'Payments to Suppliers & Others' and presented separately under the head of 'Cash Paid to Employee' in the 'Statement of Cash Flows' |
| Interest from FDR included with 'Receipts from Other Non-operating' in the 'Statement of Cash Flows' | Interest from FDR have separated from 'Receipts from Other Non-operating' and presented separately under the head of 'Interest from FDR ' in the 'Statement of Cash Flows' |

**2.33 Income Taxes**

Income tax on the profit or loss for the Period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

**2.33.1 Current Tax**

Current tax is the expected tax payable on the taxable income for the period/year and any adjustment to tax payable in respect of previous years as per the provisions of Income Tax Ordinance, 1984 and duly amended by the Finance Act from time to time.



Ashraf Uddin & Co. Chartered Accountants DHAKA

**The effective tax rate of the Company is provided as follows:**

| | |
|---|---|
| Corporate Tax Rate of the Company | 35% |
| Tax Rate on Other Income: | 35% |
| Taxes on Interest on FDR | 35% |
| Taxes on Dividend Income | 20% |
| Minimum Tax Rate | 0.60% |
| Export/ deemed export income (if any) | 17.50% |

**Policy of tax collection by government**

The Government has collected the tax which that calculated tax is higher among the Corporate Tax, Minimum Tax and Tax Deducted at source.

**2.33.2 Deferred Tax**

Deferred tax is recognized using (in accordance with the IAS-12) the Balance Sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transaction is recognized in the income statements. A temporary difference is the difference between the tax bases of an asset or liability and its carrying amount/reported amount in the Balance Sheet. Deferred tax assets or liability is the amount of income tax recoverable or payable in the future period(s) recognized in the current period. The deferred tax liability/expenses do not create a legal liability/recoverability to and from the income tax authority.

**2.34 Operating Segments**

No segmental reporting is applicable for the company as required by "IFRS-8: 'Operating Segments' as the company operates in a single industry segment and within as geographical segment.

**2.35 Advance, Deposits and Prepayments**

Advances are initially measured at cost. Since initial recognition advances are carried at cost fewer deductions, adjustments or charges to other account heads such as Property, Plant and Equipment, inventory or expenses. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to profit and loss account.

**2.36 Cash and Cash Equivalents**

According to IAS -7 " Statement of Cash Flows" cash comprises cash in hand, demand deposit and cash equivalent which are short-term highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of change balances and call deposits, Bank Balances in Value. IAS -1 "Presentation of Financial Statements" provides that cash and cash equivalents are not restricted in use. Consideration the provisional of IAS-7 and IAS-1, Cash in Hand and Bank Balances has been treated as Cash and Cash Equivalents.

**2.37 Investment in FDR**

Investment in FDR includes fixed deposits held with various banking and non-banking financial institutions in the name of Lub-rref (Bangladesh) Limited. The fixed deposits are renewed upon maturity at the option of the company.

**2.38 Other Current Assets**

Other current assets (if any) have a value on realization in the ordinary course of the company's business which is at least equal to the amount at which they are stated in the Statement of Financial Position.

**2.39 General**

i. Wherever considered necessary, previous Period's figures have been rearranged for the purpose of comparison.

ii. Figures appearing in the financial statements have been rounded off to the nearest Taka.

iii. The Financial Statements were authorized by the Board of Directors on 15th October 2019.



Ashraf Uddin & Co. DHAKA

| | | Amounts in Taka | |
|---|---|---|---|
| | | 30-Jun-19 | 30-Jun-18 |
| 3.00 | **Property, Plant and Equipment (Note: 3.00+3.02+3.04)** | **3,627,445,483** | **3,356,504,608** |
| | **A. Cost** | | |
| | Opening Balance | 2,791,228,703 | 2,265,326,550 |
| | Add: Addition during the year | 86,702,010 | 30,192,687 |
| | Add: Transfer from Capital Work in Progress | 464,529,740 | 495,709,466 |
| | **Total Cost** | **3,342,460,454** | **2,791,228,703** |
| | **B. Accumulated Depreciation** | | |
| | Opening Balance | 478,041,026 | 361,155,990 |
| | Add: Charged during the year (Note 3.03) | 156,114,920 | 116,885,036 |
| | **Total Charged** | **634,155,947** | **478,041,026** |
| | **C. Written Down Value Cost (A-B) as on 30 June, 2019** | **2,708,304,507** | **2,313,187,677** |
| | A schedule of property, plant and equipment is given in Annexure - A | | |
| 3.02 | **Revaluation Reserve** | | |
| | **A. Revaluation** | | |
| | Opening Balance | 682,725,390 | 350,525,451 |
| | Add: Revaluation made during the year (**Note: 03.02.01.a**) | - | 332,199,939 |
| | Add: Revaluation made during the year (**Note: 03.02.01.a**) | - | - |
| | **Closing Balance** | **682,725,390** | **682,725,390** |
| | **B. Accumulated Depreciation on Revaluation** | | |
| | Opening Balance | 45,338,263 | 37,009,234 |
| | Add: Charged during the year (Note 3.03) | 7,496,127 | 8,329,030 |
| | **Closing Balance** | **52,834,390** | **45,338,263** |
| | **C. Written Down Value of Revaluation (A-B) as on 30 June, 2019** | **629,891,000** | **637,387,127** |
| | A schedule of property, plant and equipment is given in Annexure - A | | |

**3.02.01.a Revaluation Resurve for the year ended 30 June,2018**

This is made as follows:

| SL | Particulars | Book Value as on 30 June 2017 | Revaluation Value as on 30 June 2017 | Revaluation Surplus at 31 Dec. 2013 |
|---|---|---|---|---|
| 1 | Land & Land Development | 512,848,032 | 1,075,273,891 | 230,225,920 |

***Land & Land Development is revalued as on 30 June,2017 where the valuer valued Land & Land Development Tk. 1,075,273,891 against Book value as on 30 June, 2017 of Tk. 512,848,032 therefore a revaluation amount of Tk. 562,425,859 for Land & Land Development is transferred to Revaluation Resurve by an adjustment with previous Revaluation Resurve. The valuer valued its assets considering fair value (Market Approach) thereof following 'Current Cost Method'.***

| | | | 30-Jun-19 | 30-Jun-18 |
|---|---|---|---|---|
| 3.03 | **Allocation of Depreciation Charges** | | | |
| | Factory Overhead @ 70% | Note-21.03 | 114,527,733 | 87,649,846 |
| | General and Administration Overhead @ 15% | Note-22 | 24,541,657 | 18,782,110 |
| | Selling and Distribution overhead @ 15% | Note-23 | 24,541,657 | 18,782,110 |
| | | | **163,611,047** | **125,214,066** |
| 3.04 | **Capital Work-in-Progress** | | | |
| | Opening balance | | 405,929,804 | 348,030,975 |
| | Add: Addition made during the year | | 320,332,105 | 535,403,046 |
| | Add. Interest Capitalization during the year | | 27,517,807 | 18,205,250 |
| | Less: Transferred to Fixed Asset during the year | | (464,529,740) | (495,709,466) |
| | | | **289,249,976** | **405,929,804** |
| | ***The make-up of the Closing Balance*** | | | |
| | 1 HFO Dehydration | | - | 37,492,880 |
| | 2 Grease Point | | 58,077,483 | 19,407,520 |
| | 3 Co-Generation (25 KW/H) | | 64,964,391 | 74,869,177 |
| | 5 Laboratory Service | | - | 56,237,401 |
| | 6 Drum Unit | | 111,922,669 | 119,853,605 |
| | 7 Lub-rref (Bangladesh) Limited Unit-2 | | 54,285,432 | 98,069,221 |
| | | | **289,249,976** | **405,929,804** |

***As per IAS 23 " Borrowing Costs", the Interest expense on the bank loan taken for acquisition of plant and machineries has been capitalized since the assets could not make ready for use during the reporting period.***

## 4.00 Inventories

## 4.01 Valuation of Inventory and physical stocktaking

The management of the Company takes physical stocks periodically and valuation of stocks were made accordingly considering the wear and tear of the assets as follows:

i) The valuation of closing inventory has been made on the basis of lower of cost and net realizable value as per IAS-2.



Ashraf Uddin & Co. Chartered Accountants AUC DHAKA

| | Amounts in Taka | |
|---|---|---|
| | 30-Jun-19 | 30-Jun-18 |

ii) The management of the Company has conducted physical verification/stock taking of inventories on 30.06.2019

Inventories consisting of raw materials, work in progress, finished goods are valued at lower of cost and net realisable value as per IAS 2: Inventory. Cost of inventories include expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of inventories is determined by using the weighted average cost formula. Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying amount of inventories to the lower of cost and net realisable value as the board approve from time to time. Net realisable value is based on estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Impairment of Inventories**

Impairment of inventory is made as and when inventory became obsolete or unusable or for slow moving items for which the management of the company is giving decisions from time to time. Based on sales cycle of slow moving items, the sales prices of the products may decreases over time. The management of the company reviews the carrying amounts of its inventory (Balance Sheet Date) to determine whether there is any indication of impairment In accordance with IAS-2: 'Inventories'. When the sales price moves below the inventory cost prices, the loss on sales is recoginized immediately in the Financial Statements. However, there was no indication of impairment of inventory during the year; and as such, no adjustment was given in the Financial Statements for impairment.

| | | 30-Jun-19 | 30-Jun-18 |
|---|---|---|---|
| **4.02** | **Particulars of Inventories** | | |
| | Raw Materials - note 4.01 | 381,123,531 | 369,924,895 |
| | Packing Materials - note 4.02 | 7,884,581 | 7,450,229 |
| | Finished Goods - note 4.03 | 126,038,825 | 113,412,010 |
| | | **515,046,937** | **490,787,134** |
| **4.03** | **Raw Materials - note 4.00 & 21.01** | | |
| | Base Oil | 299,332,957 | 305,603,980 |
| | Additives & Chemicals | 81,790,575 | 64,320,915 |
| | | **381,123,531** | **369,924,895** |
| **4.04** | **Packing Materials - note 4.00 & 21.02** | | |
| | Empty Drum, Pail & Container | 4,767,646 | 5,643,728 |
| | Carton | 1,306,541 | 638,292 |
| | Stickers | 1,391,180 | 597,327 |
| | PVC Shrinks & Others | 419,215 | 570,882 |
| | | **7,884,581** | **7,450,229** |
| **4.04** | **Finished Goods - note 4.00 & 21** | | |
| | Lubricating Oil | 126,038,825 | 113,412,010 |
| | | **126,038,825** | **113,412,010** |
| **5.00** | **Trade & Others Receivables ( Note: 5.01+5.02)** | **407,670,496** | **346,224,382** |
| **5.01** | **Trade Receivables** | | |
| | Opening Balance | 337,641,776 | 347,064,369 |
| | Add: Addition during the year | 1,533,942,711 | 1,375,933,622 |
| | | **1,871,584,486** | **1,722,997,991** |
| | Less: Realized during the year | 1,475,404,369 | 1,385,356,215 |
| | | **396,180,117** | **337,641,776** |
| | **Disclosure as per schedule-XI, Part-1, of the Company Act, 1994** | | |
| | Dues over 6 Months | 96,656,063 | 82,374,464 |
| | Dues within 6 Months | 299,524,054 | 255,267,312 |
| | **Total** | **396,180,117** | **337,641,776** |
| | Receivable considered good & secured | 295,282,017 | 216,805,076 |
| | Receivable considered good without security | 100,898,100 | 120,836,700 |
| | Receivable considered doubtful or bad | - | - |
| | Receivables due by directors or other officers | - | - |
| | Receivables due from companies under same management | - | - |
| | Maximum debt due by Directors or officers at any time | - | - |
| | | **396,180,117** | **337,641,776** |
| **5.02** | **Other Receivables** | | |
| | Other receivable-Lab Test | 11,490,379 | 8,296,756 |
| | Accrued Interest Income (FDR) | - | 285,850 |

| | Amounts in Taka | |
|---|---|---|
| | 30-Jun-19 | 30-Jun-18 |
| | 11,490,379 | 8,582,606 |

**6.00 Advances, Deposits and Prepayments**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Advances - note 6.01 | 344,608,922 | 273,548,821 |
| Deposits - note 6.02 | 6,906,624 | 5,138,856 |
| | 351,515,545 | 278,687,677 |

**6.01 Advances**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Advance against L/C | 177,831,381 | 144,476,910 |
| Advance against VAT | 20,696,835 | 1,455,095 |
| Advance Against Salary & Allowance | 6,038,179 | 5,104,330 |
| Advance Against Procurement | 44,819,429 | 34,819,429 |
| Advance Travelling & Conveyance | 449,483 | 210,550 |
| Advance against Office Rent | 155,500 | 155,500 |
| Advance Income Tax (6.01.1) | 89,252,229 | 56,394,779 |
| Advance against Floor Purchase | - | 19,875,000 |
| Advance against Office Expenses | 2,890,731 | 2,640,731 |
| Advance against Selling & Distribution Expenses | 863,335 | 1,085,335 |
| Advance against Fuel Expenses | 75,000 | 21,200 |
| Advance against Legal & Professional Expenses | 1,536,820 | 2,536,820 |
| Advance against Others | - | 4,773,142 |
| | 344,608,922 | 273,548,821 |

**6.01.1 Advance Income Tax**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Opening Balance | 56,394,779 | 38,385,580 |
| Add: Addition during the year | 32,857,450 | 18,009,199 |
| | 89,252,229 | 56,394,779 |
| Less: Adjustment during the year | - | - |
| **Closing Balance** | 89,252,229 | 56,394,779 |

**Deatails of Advance Income Tax (Year-wise break up) is showing below:**

| Particulars (for the year ended) | Advance Income Tax (BDT) |
|---|---|
| 30th June 2019 | 32,857,450 |
| 30th June 2018 | 18,009,199 |
| 30th June 2017 | 8,641,145 |
| 30th June 2016 | 3,953,530 |
| 31st December, 2015 | 8,429,287 |
| 31st December, 2014 | 6,380,478 |
| 31st December, 2013 | 2,759,749 |
| Carring amount upto 31.12.12 | 8,221,391 |
| Total | 89,252,229 |

**6.02 Deposits**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Bangladesh Railway | 197,985 | 197,985 |
| Linde Bangladesh Ltd. | 212,000 | 340,000 |
| PDB- Pahartali | 253,800 | 253,800 |
| Bakhrabad Gas System Ltd. | 4,983,623 | 3,029,855 |
| Chittagong Port Authority | 131,250 | 131,250 |
| Bangladesh Telephone and Telegraph Board-BTTB | 24,000 | 24,000 |
| Chittagong WASA | 100,000 | 100,000 |
| Speed Track (Pvt) Ltd. | 10,000 | 10,000 |
| Rural Power Company Limited -RPCL | 95,400 | 95,400 |
| Chittagong Chamber of Commerce | 96,000 | 96,000 |
| Al-Haj Karim Ullah for Dhaka Warehouse | 300,000 | 300,000 |
| PDB- Raujan, Chittagong | 42,000 | 42,000 |
| Security Deposit to Mayor Rajshahi City Corporation | 32,291 | 32,291 |
| Security Deposit to Anduip CNG Filling Station, Dhaka | 40,000 | 40,000 |
| PUFFL | 8,610 | 8,610 |
| Security Deposit with General Electric Manufacturing Co. Ltd | 179,665 | 179,665 |
| Security Deposit Against Dhaka Guest House | - | 258,000 |
| Mrs. Halima Begum (Dhaka Guest House -New) | 200,000 | - |
| | 6,906,624 | 5,138,856 |



Ashraf Uddin & Co. Chartered Accountants DHAKA

| | Amounts in Taka | |
|---|---|---|
| | 30-Jun-19 | 30-Jun-18 |
| **6.04 Additional disclosure in line with schedule 11 part 1 of the Companies Act 1994** | | |
| Advance Outstanding for a period exceeding six months | 96,314,352 | 81,564,135 |
| Advance Outstanding for a period not exceeding six months | 255,201,193 | 197,123,542 |
| Advance considered good | 351,515,545 | 278,687,677 |
| Advance to Director & Offices of the common Management Company | - | - |
| These include dues realizable/ adjustable within one year next from the reporting date | - | - |
| Advance include aggregate amount due by the officers of the company | - | - |
| The maximum aggregate amount due by the officers of the company at the end of any month during the year | - | - |
| **7.00 Related Party Current Account** | **67,526,936** | **48,180,000** |
| **7.01 Companygonj Agro Industries Limited** | | |
| Opening Balance | **48,180,000** | **172,644,751** |
| Add: Addition during the year | 19,189,377 | 10,347,783 |
| | **67,369,377** | **182,992,534** |
| Less: Collection during the year | - | 134,812,534 |
| **Closing Balance** | **67,369,377** | **48,180,000** |
| **7.02 Julda Shipyard Limited** | | |
| Opening Balance | - | **4,200,685** |
| Add: Addition during the year | 157,559 | 210,218 |
| | **157,559** | **4,410,903** |
| Less: Collection during the year | - | 4,410,903 |
| **Closing Balance** | **157,559** | - |

**Interest was Charged @ 6% p.a on balance of accounts which was carried forward for more than a year as per decision of Board dated: 12th November, 2017. This is an arms length transactions which is approved by the both parties management for any transaction among the related parties as per IAS 24: Related Party Transactions. Both the related parties agreed the terms of the transactions occurred among the parties. It is justified to charge the rate at 6% per annum and allow grace period for one year because these facilities are applicable for both the parties for any deisbursement among the parties.

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| **8.00 Cash and Cash Equivalents** | | |
| Cash in Hand Note- 8.01 | 8,431,566 | 7,198,201 |
| Cash at Bank Note- 8.02 | 19,371,456 | 114,010,771 |
| FDR Investment Note- 8.03 | 50,321,235 | 9,524,280 |
| | **78,124,257** | **130,733,253** |
| **8.01 Cash in Hand** | | |
| Cash at Head Office (Ctg) | 5,050,452 | 4,784,387 |
| Cash at Dhaka Office | 3,381,114 | 2,413,814 |
| | **8,431,566** | **7,198,201** |

| **8.02 Cash at Bank** | **Branch** | **Types** | 30-Jun-19 | 30-Jun-18 |
|---|---|---|---|---|
| Southeast Bank Limited | Jubilee Road | Current | 12,291,997 | 23,286 |
| Southeast Bank Limited (00470) | Donia | Current | 5,699 | 12,005 |
| Southeast Bank Limited (30092) | Jubilee Road | Current | 2,064 | 484 |
| Islami Bank Bangladesh Limited | Agrabad | Current | 1,046,929 | 111,829,648 |
| Dutch Bangla Bank Limited | CDA | Current | 14,236 | 3,579 |
| Pubali Bank Limited | Pahartali | Current | 994,129 | 157,904 |
| Al Arafah Islami Bank Limited | Agrabad | Current | 1,035 | 2,185 |
| Sonali Bank Limited | Laldighi | Current | 83,737 | 4,052 |
| Uttara Bank Ltd | Agrabad | Current | 290,683 | 27,698 |
| Sahajalal Islami Bank Ltd | Dhaka Main | Current | 639 | 1,789 |
| Islami Bank Bangladesh Limited | Pahartali | SND | 32,473 | 32,680 |
| EXIM Bank Limited | Agrabad | Current | 1,772,811 | 177,080 |
| Sonali Bank Limited | Teknaf | Current | 2,585 | 2,585 |
| Southeast Bank Limited (0159) | Banglamotor | Current | 5,048 | 10,888 |
| Southeast Bank Limited (030367) | Jubilee Road | Current | 335 | 1,255 |
| Southeast Bank Limited (014895) | Jubilee Road | SND | 9,520 | 10,586 |
| Southeast Bank Limited (014899) | Jubilee Road | SND | 299,011 | 478,673 |
| Southeast Bank Limited (014900) | Jubilee Road | SND | 589,497 | 1,000,426 |
| Southeast Bank Limited (294) | Pahartali | SND | 512,303 | 229,541 |
| Southeast Bank Limited (14915) | Jubilee Road | SND | 1,416,725 | 4,425 |
| All the bank balances were confirmed by the respective bank. | | | **19,371,456** | **114,010,771** |

| **8.03 FDR Investment** | | | |
|---|---|---|---|
| 012701/24500013791/05 | SEBL Jubilee Road Branch | 634,494 | 599,900 |



Ashraf Uddin & Co. Chartered Accountants DHAKA AUC

| | | Amounts in Taka | |
|---|---|---|---|
| | | 30-Jun-19 | 30-Jun-18 |
| 7072174/24500015854/06 | SEBL Jubilee Road Branch | 1,064,149 | 989,009 |
| 24500025572 | SEBL Jubilee Road Branch | 1,512,452 | 1,431,260 |
| 7140073/24500027123 | SEBL Jubilee Road Branch | 310,762 | 287,618 |
| 24500027746 | SEBL Jubilee Road Branch | 871,802 | 827,611 |
| 24500027747 | SEBL Jubilee Road Branch | 99,461 | 94,508 |
| 24500027748 | SEBL Jubilee Road Branch | 22,171 | 21,035 |
| 24300030045 | SEBL Jubilee Road Branch | 40,554,642 | - |
| 24300003787 | SEBL, Pahartali Branch | 202,700 | 273,340 |
| 24500027785 | SEBL Jubilee Road Branch | 2,400,400 | 2,400,000 |
| 24500027786 | SEBL Jubilee Road Branch | 2,000,100 | 2,000,000 |
| 24500027827 | SEBL Jubilee Road Branch | 648,100 | 600,000 |
| | | **50,321,235** | **9,524,280** |

**9.00 Share Capital**

**Authorized Capital**

| | | |
|---|---|---|
| 250,000,000 Ordinary Shares of Tk 10 each | **2,500,000,000** | **2,500,000,000** |

**Paid up Capital**

| | | |
|---|---|---|
| 100,000,000 Ordinary Shares of Tk 10 each are fully paid in cash | **1,000,000,000** | **1,000,000,000** |

The Issued, Subscribed and Paid-up Capital is Tk. 1,000,000,000 divided into 100,000,000 ordinary shares of Taka 10.00 each fully paid. The Shareholding position of the company as on 30 June 2019 is as follows:

| Sl. | Name of Shareholders | Number of Shares held | % of Shareholding | Amounts in Taka | |
|---|---|---|---|---|---|
| | | | | 30-Jun-19 | 30-Jun-18 |
| 1. | Mohammed Yousuf | 29,567,544 | 30% | 295,675,440 | 295,675,440 |
| 2. | Mrs. Rubiya Nahar | 3,455,140 | 3% | 34,551,400 | 34,551,400 |
| 3. | Md. Salauddin Yousuf | 3,247,520 | 3% | 32,475,200 | 32,475,200 |
| 4. | Mrs. Israt Jahan | 3,123,495 | 3% | 31,234,950 | 31,234,950 |
| 5. | Companygonj Agro Industries Ltd | 3,509,300 | 4% | 35,093,000 | 35,093,000 |
| 6 | Others (79 investors) | 57,097,001 | 57% | 570,970,010 | 570,970,010 |
| | **Total** | **100,000,000** | **100%** | **1,000,000,000** | **1,000,000,000** |

**9.01 Share Premium**

| | | |
|---|---|---|
| 30,000,000 Ordinary Shares @ per Share Tk. 15.28 each | 458,500,000 | 458,500,000 |
| | **458,500,000** | **458,500,000** |

**10.00 Revaluation Reserve**

| | | |
|---|---|---|
| Opening Balance | 603,645,902 | 291,813,636 |
| Add. Revaluation made during the year (Note: 03.02.01.a) | - | 332,199,939 |
| Less. Adjustment for depreciation on Revaluation | (7,496,127) | (8,329,030) |
| Add: Deferred Tax (Expenses)/Income on Revaluation Reserve | 1,124,419 | (12,038,643) |
| **Closing Balance** | **597,274,195** | **603,645,902** |

***The Management of the company restated its assets as per BSEC Guidelines vide its Notification No. SEC/CMRRCD/2009-193/150/Admin/51, dated: 13/08/2013 and IVS guideline which was Audite of valuation by Ahmad & Akhtar. Chartered Accountants. The Accounts for the year ended 30 June,2017 was restated due to adjustment of revaluation, as per IAS 8 para 42. Details are given on Note No. 3.02, 2.28 & 42.00***

**11.00 Retained Earnings**

| | | |
|---|---|---|
| Opening Balance | 922,191,708 | 709,358,351 |
| Add: Net Profit /(Loss) during the year | 207,630,054 | 204,504,327 |
| Add: Current year depreciation on revalued amount of fixed assets | 7,496,127 | 8,329,030 |
| **Closing Balance** | **1,137,317,888** | **922,191,708** |

**12.00 Share Money Deposits**

| | | |
|---|---|---|
| Opening Balance | - | **548,500,000** |
| Add: Addition during the year | - | 210,000,000 |
| Less: Allotment made during the year | - | (758,500,000) |
| **Closing Balance** | - | - |

**13.00 Long-Term Loan**

| | | |
|---|---|---|
| Opening Balance | **820,895,373** | **824,868,483** |
| Add: Addition During the year Interest & Principal | 239,075,421 | 73,284,041 |
| Less: Adjustment/Paid during the year | (72,904,000) | (77,257,150) |
| **Closing Balance** | **987,066,795** | **820,895,373** |
| Less: Current portion of Long term Loan | 234,000,000 | 78,000,000 |
| **Non Current Portion of Long Term Loan** | **753,066,795** | **742,895,373** |

***Brief details of Long term Loan:***

1 ***Bank Name:*** Southeast Bank Limited, Jubilee Road Branch, Ctg

***Tenure:*** 2-10 (year)



Ashraf Uddin & Co. AUC DHAKA Chartered Accountants

| | Amounts in Taka | |
|---|---|---|
| | 30-Jun-19 | 30-Jun-18 |

| | |
|---|---|
| ***Limit:*** | 87.35 Crore |
| ***Security:*** | Land 892.59 Decimal & Factory Building |
| ***Interest Rate:*** | 9% per year |
| ***Sanction Date:*** | 20-Oct-2011, 5-Apr-2012 & 29-Dec-2014 |

| | |
|---|---|
| 2 ***Bank Name:*** | Social Islami Bank Limited, Agrabad Branch, Ctg. |
| ***Tenure:*** | 10 (year) |
| ***Limit:*** | 80.00 Crore |
| ***Security:*** | Land 892.59 Decimal & Factory Building |
| ***Interest Rate:*** | 13% per year |
| ***Sanction Date:*** | 12.03.2019 |

**14.00 Lease Liabilities**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Opening Balance | 2,607,202 | 3,333,646 |
| Add: Addition During the year | 322,408 | 421,268 |
| Less: Adjustment during the year | (1,147,712) | (1,147,712) |
| | 1,781,898 | 2,607,202 |
| Less: Current portion of Lease Liablities | (1,147,716) | (1,147,716) |
| **Non Current Portion of Lease Liablities** | **634,182** | **1,459,486** |

**Details are as follows:**

| | |
|---|---|
| ***Finance Provider*** | International Leasing and Financial Services Limited |
| ***Limit*** | 3,500,000/- |
| ***Installment Size*** | 95,643/- per month |
| ***Sanction Date*** | 24-Jul-16 |
| ***Security*** | Personal Guaranty of all directors & 47 Post dated MICR |
| ***Interest Rate*** | 14% p.a. |
| ***Purpose*** | Lease Finance Against Transformer Oil Filtration Plant |
| ***Period*** | 48 Month |

**15.00 Deferred Tax**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| **Opening Balance as on 01.07.2018** | 252,116,690 | 185,552,747 |
| Expenses/(Income) During the Year Note 15.02 | 57,403,279 | 54,525,300 |
| Adjustment of Revaluation Reserve Note 15.01 | (1,124,419) | 12,038,643 |
| **Deferred Tax Liability/(Assets)** | **308,395,550** | **252,116,690** |

**15.01 Adjustment of Deferred Tax on Revaluation**

| | | 30-Jun-19 | 30-Jun-18 |
|---|---|---|---|
| Deferred Tax Liability on Revaluation Surplus (Closing) | Note 15.01.a | 32,616,805 | 33,741,224 |
| Deferred Tax Liability on Revaluation Surplus (Opening) | | 33,741,224 | 21,702,582 |
| **Deferred Tax Expenses/(Income)** | | **(1,124,419)** | **12,038,643** |

**15.01.a Adjustment of Deferred Tax on Revaluation Reserve**

| | WDV as on 30.06.2019 | | Differed Tax Liability on 30.06.2019 |
|---|---|---|---|
| | Tax Base | Accounting Base | |
| Revaluation Reserve on Land & Land Development | - | 562,425,859 | 22,497,034 |
| Revaluation Reserve on Plant & Machineries | - | 67,465,141 | 10,119,771 |
| | - | 629,891,000 | 32,616,805 |

**15.02 Deferred Tax Expenses/(Income) Excluding Revaluation**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Deferred Tax Liability Excluding Revaluation Surplus (Closing) | 275,778,744 | 218,375,465 |
| Deferred Tax Liability Excluding Revaluation Surplus (Opening) | 218,375,465 | 163,850,165 |
| **Deferred Tax Expenses/(Income)** | **57,403,279** | **54,525,300** |

**15.02.a Deferred Tax Expenses/(Income) Calculation**

| | WDV as on 30.06.2019 | | Differed Tax Liability on 30.06.2019 |
|---|---|---|---|
| | Tax Base | Accounting Base | |
| Property, Plant & Equipment Excluding Land | 1,371,718,484 | 2,159,657,753 | 275,778,744 |
| | 1,371,718,484 | 2,159,657,753 | 275,778,744 |

**16.00 Short-term Loan**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Southeast Bank -Time Loan | 48,845,158 | 92,161,973 |
| Southeast Bank- LTR | 28,235,811 | 39,027,288 |
| Southeast Bank Ltd- Overdraft | 362,089,206 | 390,234,289 |
| | 439,170,175 | 521,423,550 |

***Brief details of Short term Loan:***

| | |
|---|---|
| ***Bank Name:*** | Southeast Bank Limited |
| ***Tenure:*** | 0-1 Year |
| ***Limit:*** | 40.25 Crore |



Ashraf Uddin & Co. DHAKA Chartered Accountants

| | Amounts in Taka | |
|---|---|---|
| | 30-Jun-19 | 30-Jun-18 |
| ***Security:*** Land 892.59 Decimal & Factory Building | | |
| ***Interest Rate:*** 10%-12% per year | | |
| ***Renewal date:*** 12-Feb-17 | | |

**17.00 Accounts Payables**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Alam Hardware | 10,123 | 363,944 |
| Al-Baraka Enterprise | 94,777 | 209,777 |
| Astech Limited | 1,509,385 | 1,296,408 |
| B.R.B Cables Ind Ltd. | - | 108,060 |
| Bhai Bhai Matels Works | 596,493 | 2,060,529 |
| Banani Drum Suppliers | 1,065,029 | 718,936 |
| Chistia Traders | - | 40,700 |
| Crown Traders | - | 25,460 |
| Dana Engineers International Ltd. | 29,800 | 16,845 |
| Darbar Oil Supply | - | 412,991 |
| Eastern Trade Syndicate | - | 1,962,701 |
| Favorite Traders | 208,184 | 78,192 |
| Haks Ind Ltd. | 165,763 | 98,090 |
| Jamuna Drum Suppliers | 1,937,113 | 944,113 |
| Janani Computer | 177,752 | 44,174 |
| M.B Enterprise | - | 12,629 |
| M.H.Enterprise | - | 64,888 |
| Maya Automobile-ULO | 1,216,923 | 779,038 |
| Mohammed Ismail Sowdagor | - | 383,766 |
| Nizam Uddin Oil Suppliers | 691,156 | 644,434 |
| Parkesine Products Limited | - | 25,894 |
| Pioneer Scientific Stores | - | 324,743 |
| Rahimafrooz Distribution Ltd. | - | 25,840 |
| Rashed Enterprise | 223,660 | 206,980 |
| Rubel Steel Mills Ltd. | 820,674 | 905,397 |
| Rupsha Trading | - | 262,648 |
| Rupayan Housing Estate Ltd. | 19,010,000 | - |
| Yousuf Printers | 538,095 | 499,674 |
| **Total** | **28,294,927** | **12,516,851** |

*All Creditors were paid on regular Basis*

**18.00 Liabilities for Current Tax**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Opening Balance | 30,113,234 | 17,324,466 |
| Add: Provision for the year | 35,710,818 | 12,788,768 |
| | **65,824,051** | **30,113,234** |
| Less: AIT Adjustment/paid during the year | - | - |
| | **65,824,051** | **30,113,234** |

Details of Liabilities for Current Tax is showing below

| Particulars (for the year ended) | Liabilities for Current Tax (BDT) | Assesment Status |
|---|---|---|
| 30th June 2019 | 35,710,818 | Return yet to be submited |
| 30th June 2018 | 12,788,768 | Assesment under process |
| 30th June 2017 | 7,729,414 | Assesment under process |
| 30th June 2016 | 1,645,879 | Assesment under process |
| 31st December, 2015 | 2,541,959 | Assesment under process |
| 31st December, 2014 | 2,131,334 | Assesment under process |
| 31st December, 2013 | 1,591,315 | Assessment completed by DCT but litigation to high court for its decision is pending |
| 31st December, 2012 | 1,684,567 | |
| **Total** | **65,824,051** | |

**19.00 Liabilities for Expenses**

| | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Wages, Salary & Allowances | 2,379,960 | 2,163,600 |
| Directors' Remuneration | 1,866,738 | 1,173,542 |
| Audit and professional Fees | 250,000 | 250,000 |



Ashraf Uddin & Co. Chartered Accountants DHAKA

| | Amounts in Taka | |
|---|---|---|
| | 30-Jun-19 | 30-Jun-18 |
| Liabilities for Other Expenses | 2,962,917 | 5,210,670 |
| Recognized Provident Fund | 384,798 | 4,326,470 |
| Withholding Tax Liabilities (TDS) | 822,556 | 391,342 |
| | 8,666,969 | 13,515,624 |

| | | Qun. (M.Ton) | Taka | Taka |
|---|---|---|---|---|
| **20.00** | **Revenues** | | | |
| | Mono Grade | 4,873 | 941,126,124 | 980,714,643 |
| | Multi Grade | 272 | 75,111,981 | 55,822,699 |
| | Industrial Grade | 3,755 | 510,102,343 | 326,149,235 |
| | Marine Grade | 29 | 5,522,188 | 8,786,340 |
| | Others | 132 | 2,080,074 | 4,460,705 |
| | **Total** | 9,060 | 1,533,942,711 | 1,375,933,622 |

| | | | |
|---|---|---|---|
| **21.00** | **Cost of Goods Sold** | | |
| | Raw Materials Consumed- note 21.01 | 834,679,009 | 755,794,738 |
| | Packing Materials Consumed- note 21.02 | 65,384,692 | 74,470,827 |
| | **Total Consumption** | **900,063,701** | **830,265,565** |
| | Factory Overhead Note-21.03 | 153,446,440 | 126,508,068 |
| | **Cost of Goods Manufactured** | **1,053,510,141** | **956,773,633** |
| | Opening Finished Goods | 113,412,010 | 90,490,217 |
| | **Cost of Goods Available for Sale** | **1,166,922,151** | **1,047,263,850** |
| | Closing Finished Goods | (126,038,825) | (113,412,010) |
| | **Cost of Goods Sold** | **1,040,883,326** | **933,851,840** |
| **21.01** | **Raw Materials Consumed** | | |
| | Opening Inventory | 369,924,895 | 297,711,728 |
| | Purchase during the period | 845,877,645 | 828,007,905 |
| | **Raw Materials available for use** | **1,215,802,540** | **1,125,719,633** |
| | Closing Inventory | (381,123,531) | (369,924,895) |
| | | 834,679,009 | 755,794,738 |
| **21.02** | **Packing Materials Consumed** | | |
| | Opening Inventory | 7,450,229 | 5,894,846 |
| | Purchase during the period | 65,819,044 | 76,026,210 |
| | **Packing Materials available for use** | **73,269,273** | **81,921,056** |
| | Closing Inventory | (7,884,581) | (7,450,229) |
| | | 65,384,692 | 74,470,827 |
| **21.03** | **Factory Overheads** | | |
| | Salary, wages and allowances | 11,151,347 | 10,826,550 |
| | Festival Bonus | 1,128,355 | 1,095,490 |
| | Depreciation - note 3.3 | 114,527,733 | 87,649,846 |
| | Carriage inward | 570,914 | 464,750 |
| | Director's remuneration and benefits | 4,286,250 | 3,111,840 |
| | Electricity & power | 757,832 | 534,318 |
| | Entertainment | 149,645 | 124,360 |
| | Factory general expenses | 375,185 | 520,500 |
| | Gas & power | 11,252,355 | 11,974,362 |
| | Insurance premium | 5,086,376 | 5,021,417 |
| | Laboratory expenses | 858,953 | 767,325 |
| | Medical expenses | 73,632 | 43,600 |
| | Repairs and maintenance | 3,196,369 | 4,307,280 |
| | Travelling and conveyance | 31,495 | 66,430 |
| | | 153,446,440 | 126,508,068 |
| **22.00** | **General and Administrative Expenses** | | |
| | Salary and allowances | 6,768,012 | 6,570,885 |
| | Festival Bonus | 703,542 | 683,050 |
| | Depreciation - note 3.3 | 24,541,657 | 18,782,110 |
| | Audit fees | 250,000 | 250,000 |
| | Board Meeting Fees | 308,000 | 284,000 |
| | Canteen expenses | 449,000 | 432,805 |
| | Director's remuneration and benefits | 5,238,750 | 4,667,760 |
| | Gas & Water expenses | 43,518 | 25,070 |
| | Entertainment | 662,379 | 653,972 |
| | Legal & professional fees | 501,300 | 567,200 |

Ashraf Uddin & Co. AUC DHAKA Chartered Accountants

| | | Amounts in Taka | |
|---|---|---|---|
| | | 30-Jun-19 | 30-Jun-18 |
| | Miscellaneous expenses | 357,400 | 356,010 |
| | Motor Vehicle Upkeep | 897,963 | 887,933 |
| | Newspapers & periodicals | 20,621 | 25,030 |
| | Office General Expenses | 774,537 | 756,085 |
| | Pre IPO Expenses (Road Show) | - | 2,065,000 |
| | Office rent, rates & renewal fees | 610,803 | 529,075 |
| | Office supplies & stationery | 460,246 | 438,387 |
| | Postage & courier | 332,893 | 318,073 |
| | Repairs and maintenance | 904,523 | 894,320 |
| | Telephone & fax | 893,216 | 815,048 |
| | Recognized Provident Fund | 2,117,336 | 1,821,775 |
| | Travelling and conveyance | 793,675 | 902,899 |
| | Cleaning expenses | 82,159 | 90,230 |
| | | 47,711,529 | 42,816,717 |
| **23.00** | **Selling and Distribution Expenses** | | |
| | Salary and Allowances | 7,012,920 | 6,808,660 |
| | Depreciation - note 3.3 | 24,541,657 | 18,782,110 |
| | Advertisement | 453,100 | 385,210 |
| | Carriage Outward | 1,168,447 | 1,267,326 |
| | Marketing Expense | 684,470 | 945,681 |
| | Rent, Rates & Taxes | 113,400 | 458,290 |
| | Repairs & Maintenance | 890,269 | 736,988 |
| | Sales commission & Promotional expenses | 3,298,036 | 3,793,662 |
| | Bogra Warehouse Exp. | 131,400 | 135,100 |
| | Associated Sales Centre Expenses | 245,018 | 220,550 |
| | | 38,538,717 | 33,533,577 |
| **24.00** | **Other Operating Income** | | |
| | Income from Lab Testing | 29,025,084 | 18,751,650 |
| | | 29,025,084 | 18,751,650 |
| **25.00** | **Financial Expenses** | | |
| | Interest on Long Term Loan | 61,299,006 | 55,078,791 |
| | Interest on Short Term Loan | 6,135,608 | 11,585,068 |
| | Interest on Lease Finance | 322,408 | 421,268 |
| | Interest on Bank Over Draft | 55,854,501 | 42,140,336 |
| | Interest on LTR | 4,937,026 | 1,324,459 |
| | Bank Charges & Commission | 1,296,018 | 1,154,348 |
| | | 129,844,567 | 111,704,269 |
| **26.00** | **Financial Income** | | |
| | Interest on FDR | 2,870,177 | 444,818 |
| | Interest on SND | 36,567 | 525,851 |
| | | 2,906,744 | 970,670 |
| **27.00** | **Income from Others** | | |
| | Wastage Sales | 171,879 | 580,290 |
| | Interest on Related Party Current Account | 6,713,079 | 10,558,001 |
| | Income From Tank Lorry | - | 521,485 |
| | | 6,884,958 | 11,659,776 |
| **28.00** | **Income Tax Expenses** | 93,114,097 | 62,690,456 |
| **28.01** | **Current Tax for 2019** | | |
| | **Calculation of Current Tax as per 82 C(Minimum Tax)** | | |
| | Revenue during the year @ .6% | 9,377,807 | 8,368,112 |
| | **Income Tax Provision on Other Income for 2019** | - | |
| | Other Income including Financial Income @ 35% | 3,427,096 | 4,420,656 |
| | **A) Current Tax as per 82 C(Minimum Tax)** | 12,804,903 | 12,788,768 |
| | **B) Advance Income Tax Paid During the year** | 32,857,450 | 18,009,199 |
| | **C) Calculation of Current Tax as per Corporate Rate** | - | |
| | **Current Tax as per Corporate Rate** | 35,710,818 | 8,165,155 |

Out of the above calculation, the higher one (C) is applicable for Current Tax for the year.

Ashraf Uddin & Co. DHAKA Chartered Accountants

| | Amounts in Taka 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| **28.02 Deferred Tax Expenses/Income (Attributable to Profit or Loss)** | | |
| Deferred Tax during the year | 275,778,744 | 218,375,465 |
| Less: Opening Balance | (218,375,465) | (163,850,165) |
| **Deferred Tax Expenses(/Income) (Attributable to Profit or Loss)** | **57,403,279** | **54,525,300** |
| **28.02.1 Deferred Tax Expenses/Income (other Comprehensive Income or Equity)** | | |
| Deferred Tax during the year | 32,616,805 | 33,741,224 |
| Less: Opening Balance | 33,741,224 | 21,702,582 |
| **Deferred Tax Expenses/(Income) (other Comprehensive Income or Equity)** | **(1,124,419)** | **12,038,643** |
| **29.00 Earnings Per Shares** | | |
| Net Profit After Tax for the Year | 207,630,054 | 204,504,327 |
| Number of weighted average shares outstanding at the end of the Year | 100,000,000 | 98,736,559 |
| **Basic Earnings Per Share** | **2.08** | **2.07** |
| **Diluted Earnings Per Share** | **2.08** | **2.05** |
| **30.00 A) Net Assets Value per Share (NAV) with Revaluation** | | |
| The Composition of Net Assets Value per share is given below : | | |
| Net Assets Value during the year | 3,193,092,083 | 2,984,337,610 |
| Total Outstanding Share | 100,000,000 | 100,000,000 |
| **Net Assets Value per Share (NAV) with Revaluation** | **31.93** | **29.84** |
| **B) Net Assets Value per Share (NAV) without Revaluation** | | |
| The Composition of Net Assets Value per share is given below : | | |
| Net Assets Value during the year without Revaluation | 2,595,817,888 | 2,380,691,708 |
| Total Outstanding Share | 100,000,000 | 100,000,000 |
| **Net Assets Value per Share (NAV) without Revaluation** | **25.96** | **23.81** |
| **31.00 Net Operating Cash Flow per Share (NOCPS) Basic** | | |
| The Composition of Net Operating Cash Flows per share is given below : | | |
| Net Operating Activities Cash Flows | 399,287,581 | 417,655,438 |
| Number of weighted average shares outstanding at the end of the Year | 100,000,000 | 98,736,559 |
| **Net Operating Cash Flow this year (NOCPS)** | **3.99** | **4.23** |

**32.00 Contingent Liabilities and Commitments**

A Contingent Liability of Tk. 9,381,752/- is made as per IAS 37 Para 86. Following are the details of the pending issue related to litigation regarding Taxation filed for the assessment years 2013-2014 & 2015-2016 bearing ITRA No. 535/2017 for 2013-2014 & 537/2017 for 2014-2015 dated 16.10.2017 which are pending in the High Court.

| Accounting Year | Assessment Year | Status | Provision Made on Accounts | Assessment Made by DCT | Assessment Made by DCT |
|---|---|---|---|---|---|
| 31-Dec-12 | 2013-2014 | Assessment Completed by DCT but pending in the High Court | 1,684,567 | 2,354,339 | 2,354,339 |
| 31-Dec-13 | 2014-2015 | | 1,591,315 | 10,303,295 | 10,303,295 |
| **Total** | | | **3,275,882** | **12,657,634** | **12,657,634** |

| **33.00 Number of Employees** | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Number of Employees whose salary is below Tk 8,500 Per Month | - | - |
| Number of Employees whose salary is above Tk 8,500 Per Month | 215 | 159 |
| | | 159 |

**34.00**

| Capacity Utilization | 30-Jun-19 | | | 30-Jun-18 | | |
|---|---|---|---|---|---|---|
| Capacity of Production-Single Shift | Blanding Unit | Re- Refining Unit | Total | Blanding Unit | Re- Refining Unit | Total |



Ashraf Uddin & Co. Chartered Accountants DHAKA

| | | | | | Amounts in Taka | |
|---|---|---|---|---|---|---|
| | | | | | **30-Jun-19** | **30-Jun-18** |
| Licensed Capacity Metric Ton (MT) | 12,550 | 4,527 | 17,077 | 12,550 | 4,527 | 17,077 |
| Installed Capacity Metric Ton (MT) | 12,550 | 4,527 | 17,077 | 12,550 | 4,527 | 17,077 |
| Capacity Utilized - Metric Ton (MT) | 9,060 | 4,220 | 13,280 | 6,992 | 4,102 | 11,094 |
| **Capacity Utilized** | **72.19%** | **93.22%** | **77.77%** | **55.71%** | **90.61%** | **64.96%** |

**35.00 Events After the Reporting Period**

No Materials events had occurred from the date of the end of the reporting period to the date of issue of this Financial Statement which could materially affect the values stated in the financial position.

**36.00 Related Party Transactions**

| Name of party | Types of Relationship | Nature of Transactions | Opening Balance | Addition | Adjustment | Closing Balance |
|---|---|---|---|---|---|---|
| Companygonj Agro Industries Limited | Common Directorship & Shareholder of the Company | Overhead Exp. & Working Capital Management | 48,180,000 | 19,189,377 | - | 67,369,377 |
| Julda Shipyard Limited | Common Directorship | | - | 157,559 | - | 157,559 |
| Mohammed Yousuf | Managing Director | Remuneration fees & Board meeting fees | (883,538) | (3,813,000) | 3,369,800 | (1,326,738) |
| Rubiya Nahar | Chairman | | (132,500) | (2,020,000) | 1,972,500 | (180,000) |
| Md. Salauddin Yousuf | Director | | (155,800) | (2,853,000) | 2,748,800 | (260,000) |
| Dr. Israt Jahan | Director | | (75,000) | (1,023,000) | 998,000 | (100,000) |
| Ahmmad Hossain | Director | | - | (48,000) | 48,000 | - |
| Mohammad Ameer Faisal | Independent Director | | - | (36,000) | 36,000 | - |
| Wahid Uddin Chowdhury | | | - | (40,000) | 40,000 | - |
| **Total** | | | **46,933,162** | **9,513,936** | **9,213,100** | **65,660,198** |

**37.00 Attendance Status of Board Meeting of Directors**

During the period ended 30 June, 2019, there were 12 (Twelve) Board Meetings were held. The attendance status of all the meetings is as follows:

| Sl. No | Name Of Directors | Position | Meeting Held | Attendance | Fees Per Meeting | Amounts in Taka 30-Jun-19 | Amounts in Taka 30-Jun-18 |
|---|---|---|---|---|---|---|---|
| 1 | Mohammed Yousuf | Managing Director | 12 | 12 | 4,000 | 48,000 | 48,000 |
| 2 | Rubiya Nahar | Chairman | 12 | 10 | | 40,000 | 48,000 |
| 3 | Md. Salauddin | Director | 12 | 12 | | 48,000 | 48,000 |
| 4 | Dr. Israt Jahan | Director | 12 | 12 | | 48,000 | 48,000 |
| 5 | Ahmmad Hossain | Director | 12 | 12 | | 48,000 | 48,000 |
| 6 | Mohammad Ameer Faisal | Independent Director | 12 | 9 | | 36,000 | 32,000 |
| 7 | Wahid Uddin Chowdhury | | 12 | 10 | | 40,000 | 12,000 |



Ashraf Uddin & Co. DHAKA Chartered Accountants

| | | Amounts in Taka | |
|---|---|---|---|
| | | 30-Jun-19 | 30-Jun-18 |
| Total | | 308,000 | 284,000 |

**38.00 As per Company Act, 1994 part-II, Schedule-XI (4) The profit and loss account will give by way of a note detailed information, showing separately the following payments provided or made during the financial year to the directors, including managing director, the managing agents or manager, if any, by the company, subsidiaries of the company and any other person:-**

| Particulars | 30-Jun-19 | 30-Jun-18 |
|---|---|---|
| Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager | 9,521,100 | 8,279,300 |
| Expenses reimbursed to Managing Agent | | |
| Commission or Remuneration payable separately to a managing agent or his associate | | |
| Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into by such concerns with the company | | |
| The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial period. | | |
| Any other perquisite or benefits in cash or in kind stating, approximate money value where applicable. | | |
| **Other allowances and commission including guarantee commission Pensions etc.** | | |
| (i) Pensions | | |
| (ii) Gratuities | | |
| (iii) Payments from a provident funds, subscription and interest thereon | | |
| iv) Share Based payments | | |

**As per IAS- 24 Para-17:**

An entity shall disclose key management personnel compensation in total and for each of the following benefits:

| | | |
|---|---|---|
| (a) Short-term employee benefits; | 9,525,000 | 7,779,600 |
| (b) Post-employment benefits; | | |
| (c) Other long term benefits; | | |
| (d) termination benefits; and | | |
| (e) share- based payment | | |
| | 9,525,000 | 7,779,600 |

**As per IAS- 24 Para-18:**

Disclosure requirements of IAS 24, Para 18 minimum disclosure shall include:

| | | |
|---|---|---|
| a) The amount of transaction | 9,513,936 | 2,994,401 |
| b) The amount of outstanding balance, including commitments | 65,660,198 | 1,173,542 |
| i) Their terms & condition, including whether they are secured, and the nature of the consideration to be provided in settlement | Remuneration, Meeting Fee & Overhead Exp. & Working Capital Management | Remuneration, Meeting Fee & Overhead Exp. & Working Capital Management |
| ii) details of any guarantee given or received | Nil | Nil |
| c) Provisions for doubtful debts related to the amount of outstanding balance | Nil | Nil |
| d) The expenses recognized during the period in respect of bad or doubtful debts due from | Nil | Nil |

**39.00 Aggregated amount of Remuneration, Fess, Salary & Wages of employees are given below :**

| | | |
|---|---|---|
| Directors Remuneration | 9,525,000 | 7,779,600 |
| Board Meeting Attendance Fees | 308,000 | 284,000 |
| Wages & Allowance | 12,279,701 | 11,922,040 |
| Salary & Allowance | 14,484,473 | 14,062,595 |
| | 36,597,174 | 34,048,235 |

Ashraf Uddin & Co. Chartered Accountants DHAKA

| | Amounts in Taka | |
|---|---|---|
| | 30-Jun-19 | 30-Jun-18 |
| **40.00 The Requirement of Schedule XI Part-II, Para-3 (a) Turnover** | | |
| Turnover in (BDT) | 1,533,942,711 | 1,375,933,622 |
| Turnover in Quantity (M.Ton) | 9,060 | 6,884 |
| **The Requirement of Schedule XI Part-II, Para-3 (b) Raw Material Consumed** | | |
| Raw Material Consumed in (BDT) | 834,679,009 | 755,794,738 |
| Raw Material Consumed in Quantity (M.Ton) | 8,708 | 7,885 |
| **The Requirement of Schedule XI Part-II, Para-3 (b) Packing Material Consumed** | | |
| Packing Material Consumed in (BDT) | 65,384,692 | 74,470,827 |
| Packing Material Consumed in Quantity (Pcs) | 1,617,917 | 1,845,032 |
| **The Requirement of Schedule XI Part-II, Para-3 (b) Finished Goods** | | |
| Finished Goods in (BDT) | 126,038,825 | 113,412,010 |
| Finished Goods in Quantity (M.Ton) | 645 | 579 |

**41.00 Reconciliation of Net Profit with Cash Flow from Operating Activities (Notification No. BSEC/ CMRRCD/ 2006-158/ 2008/Admin/81, dated: 20 June 2018.**

| Particulars | Note | Amounts in Taka | |
|---|---|---|---|
| | | 30-Jun-19 | 30-Jun-18 |
| **Net Profit for the year (Before Tax)** | | **300,744,151** | **271,818,395** |
| **Adjustment:** | | | |
| Depreciation | 3.00 | 163,611,047 | 125,214,066 |
| Financial Expenses | 25 | 129,844,567 | 111,704,269 |
| Other Income (Interest) | 27 | (3,156,027) | (267,443) |
| Interest on Related Party Current Account | | (6,713,079) | (10,558,001) |
| (Increase)/Decrease in Inventory | 4 | (24,259,803) | (96,690,343) |
| (Increase)/Decrease in Accounts Receivable | 5 | (61,446,114) | 4,309,322 |
| Increase/(Decrease) in Trade Payable & Others | 17 | (3,231,924) | 2,146,765 |
| Increase/(Decrease) in Liabilities | 19 | (4,848,655) | 4,096,277 |
| (Increase)/Decrease in Advance & Prepayment | 6.00 | (59,845,419) | 10,300,410 |
| Liability for Contribution to WPPF | | 1,446,288 | 13,590,919 |
| Payment of Income Tax | 6.1.01 | (32,857,449) | (18,009,199) |
| | | **399,287,581** | **417,655,438** |

| | | |
|---|---|---|
| **42.00 Receipts from customers:** | | |
| Sales during the year | 1,533,942,711 | 1,375,933,622 |
| Opening Rec. | 337,641,776 | 347,064,369 |
| Closing Rec. | (396,180,117) | (337,641,776) |
| Other Operating Income | 29,025,084 | 18,751,650 |
| Other Rec. Open | 8,296,756 | 3,360,860 |
| Other Rec. Closs | (11,490,379) | (8,296,756) |
| | **1,501,235,830** | **1,399,171,969** |
| **43.00 Payments to suppliers** | | |
| Purchase | 911,696,689 | 904,034,115 |
| Open.Advances Procurment | (34,819,429) | (15,421,678) |
| Closing Advances Procurment | 44,819,429 | 34,819,429 |
| Open. Trade Payable | 12,516,851 | 10,370,086 |
| Clossing Trade Payable | (9,284,927) | (12,516,851) |
| | **924,928,614** | **921,285,101** |
| **44.00 Payments for Employee** | | |
| Salary | 38,714,510 | 35,870,010 |
| Paid to WPPF | 13,590,920 | - |
| Open. Advance Salary | (5,104,330) | (7,595,438) |
| Closing Advance Salary | 6,038,179 | 5,104,330 |

| | | |
|---|---|---|
| Open. Liability for Expenses | 7,663,612 | 3,973,984 |
| Closing Liability for Expenses | (4,631,496) | (7,663,612) |
| | **56,271,395** | **29,689,274** |

**45.00 Payments to Operating Expenses**

| | | |
|---|---|---|
| Operating Exp. | 200,982,176 | 166,988,352 |
| Open.Advances to others | (162,494,139) | (189,701,192) |
| Closing Advances to others | 211,405,709 | 162,494,139 |
| Open. Liability for Expenses | 5,852,012 | 5,445,363 |
| Closing Liability for Expenses | (4,035,473) | (5,852,012) |
| Depreciation - note 3.3 | (163,611,047) | (125,214,066) |
| | **88,099,238** | **14,160,584** |

Ashraf Uddin & Co. DHAKA Chartered Accountants

**LUB-RREF (BANGLADESH) LIMITED**
**Schedule of Property, Plant and Equipment**
**As at June 30, 2019**

**Annexure-A**

| Particulars | At Cost | | | | | | Depreciation | | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01.07.2018 | Addition | Total | Transferred from CWP | Balance as on 30.06.2019 | Rate % | Balance as on 01.07.2018 | Charged during the year | Disposal during the year | Balance as on 30.06.2019 | Value as on 30.06.2019 |
| Land & Land Development | 528,321,877 | 20,324,877 | 548,646,754 | - | 548,646,754 | 0% | - | - | - | - | 548,646,754 |
| Office Building | 167,862,971 | 52,383,720 | 220,246,691 | - | 220,246,691 | 2.50% | 28,334,131 | 3,488,221 | - | 31,822,352 | 188,424,340 |
| Air Conditioner | 6,261,598 | 296,090 | 6,557,688 | - | 6,557,688 | 10.0% | 2,475,606 | 378,599 | - | 2,854,206 | 3,703,483 |
| Computer & Computer Accessories | 3,880,786 | 344,515 | 4,225,301 | - | 4,225,301 | 10.0% | 1,730,085 | 215,070 | - | 1,945,155 | 2,280,146 |
| Fire Extinguisher | 1,853,680 | 183,000 | 2,036,680 | - | 2,036,680 | 10.0% | 624,424 | 122,926 | - | 747,349 | 1,289,331 |
| Furniture & Fixture | 9,388,495 | 639,178 | 10,027,673 | - | 10,027,673 | 10.0% | 3,587,873 | 580,062 | - | 4,167,935 | 5,859,738 |
| Vehicles | 30,571,201 | 169,200 | 30,740,401 | - | 30,740,401 | 20.0% | 23,621,645 | 1,389,911 | - | 25,011,556 | 5,728,845 |
| Office Equipment | 7,227,750 | 253,740 | 7,481,490 | - | 7,481,490 | 10.0% | 3,017,250 | 421,050 | - | 3,438,300 | 4,043,190 |
| Plant & Machineries | 1,740,121,893 | 8,214,366 | 1,748,336,259 | 464,529,740 | 2,212,865,999 | 10.0% | 340,552,567 | 139,956,933 | - | 480,509,499 | 1,732,356,499 |
| Electricity Installation | 11,525,808 | 21,125 | 11,546,933 | - | 11,546,933 | 10.0% | 6,929,616 | 459,619 | - | 7,389,235 | 4,157,698 |
| Factory Building & Shed | 200,827,320 | - | 200,827,320 | - | 200,827,320 | 2.50% | 27,888,172 | 4,471,077 | - | 32,359,249 | 168,468,071 |
| Factory Equipment | 28,635,464 | 652,900 | 29,288,364 | - | 29,288,364 | 10.0% | 11,997,016 | 1,663,845 | - | 13,660,861 | 15,627,503 |
| Gas Installation | 1,216,213 | - | 1,216,213 | - | 1,216,213 | 10.0% | 620,001 | 59,621 | - | 679,622 | 536,591 |
| Generator | 30,819,998 | 405,000 | 31,224,998 | - | 31,224,998 | 10.0% | 16,990,169 | 1,382,983 | - | 18,373,152 | 12,851,846 |
| Weighing Scale | 5,303,877 | - | 5,303,877 | - | 5,303,877 | 5.00% | 1,903,328 | 170,027 | - | 2,073,355 | 3,230,522 |
| Interior Decoration | 13,795,288 | 2,814,300 | 16,609,588 | - | 16,609,588 | 15.0% | 5,977,032 | 1,172,738 | - | 7,149,770 | 9,459,818 |
| Kitchen Equipment | 86,576 | - | 86,576 | - | 86,576 | 10.0% | 47,442 | 3,913 | - | 51,355 | 35,220 |
| Ware House, Dhaka | 3,527,907 | - | 3,527,907 | - | 3,527,907 | 10.0% | 1,744,671 | 178,324 | - | 1,922,995 | 1,604,912 |
| **Total** | **2,791,228,703** | **86,702,010** | **2,877,930,714** | **464,529,740** | **3,342,460,454** | | **478,041,026** | **156,114,920** | **-** | **634,155,947** | **2,708,304,507** |

-

| Particulars | At Revaluation | | | | | Rate % | Depreciation | | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01.07.2018 | Addition/ Adjustment | Total | Transferred from CWP | Balance as on 30.06.2019 | | Balance as on 01.07.2018 | Charged during the year | Disposal during the | Balance as on 30.06.2019 | Value as on 30.06.2019 |
| Land & Land Development | 562,425,859 | - | 562,425,859 | - | 562,425,859 | 0% | - | - | | - | 562,425,859 |
| Plant & Machineries | 120,299,531 | - | 120,299,531 | - | 120,299,531 | 10.0% | 45,338,264 | 7,496,127 | - | 52,834,390 | 67,465,141 |
| **Total** | **682,725,390** | **-** | **682,725,390** | **-** | **682,725,390** | | **45,338,264** | **7,496,127** | **-** | **52,834,390** | **629,891,000** |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance as on 30.06.2019** | **3,473,954,093** | **86,702,010** | **3,560,656,104** | **464,529,740** | **4,025,185,844** | - | **523,379,290** | **163,611,047** | - | **686,990,337** | **3,338,195,506** |

• The Company used branded plant and machinery in its production process which were procured form German, USA, & other European countries. With a small maintenance, the life of the assets can be strengthened and can be modified as per the requirement of the Company. That is why the depreciation on plant and machineries are 10%. The factory buildings life time are also considered 40 years which is very reasonable. That is why, the rate is 2.5%. Another reason is that the main factory building is built with RCC structures and other factory buildings were built with pre-fabricated structures. And Other Fixed Asset's life time is considered 10 years (Motor Vehicle 5 years) which is very reasonable.

Ashraf Uddin & Co. DHAKA Chartered Accountants

**LUB-RREF (BANGLADESH) LIMITED**
**Schedule of Property, Plant and Equipment**
**As at June 30, 2018**

**Annexure-A**

| Particulars | At Cost | | | | | | Depreciation | | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01.07.2017 | Addition | Total | Transferred from CWP | Balance as on 30.06.2018 | Rate % | Balance as on 01.07.2017 | Charged during the year | Disposal during the year | Balance as on 30.06.2018 | Value as on 30.06.2018 |
| Land & Land Development | 512,848,032 | 15,473,845 | 528,321,877 | - | 528,321,877 | 0% | - | - | - | - | 528,321,877 |
| Office Building | 167,747,349 | 115,622 | 167,862,971 | - | 167,862,971 | 2.50% | 24,757,399 | 3,576,732 | - | 28,334,131 | 139,528,841 |
| Air Conditioner | 6,261,598 | - | 6,261,598 | - | 6,261,598 | 10.0% | 2,054,941 | 420,666 | - | 2,475,606 | 3,785,992 |
| Computer & Computer Accessories | 3,358,198 | 522,588 | 3,880,786 | - | 3,880,786 | 10.0% | 1,510,401 | 219,684 | - | 1,730,085 | 2,150,701 |
| Fire Extinguisher | 1,853,680 | - | 1,853,680 | - | 1,853,680 | 10.0% | 487,840 | 136,584 | - | 624,424 | 1,229,257 |
| Furniture & Fixture | 9,217,495 | 171,000 | 9,388,495 | - | 9,388,495 | 10.0% | 2,948,120 | 639,753 | - | 3,587,873 | 5,800,622 |
| Vehicles | 30,571,201 | - | 30,571,201 | - | 30,571,201 | 20.0% | 21,884,256 | 1,737,389 | - | 23,621,645 | 6,949,556 |
| Office Equipment | 6,509,577 | 718,173 | 7,227,750 | - | 7,227,750 | 10.0% | 2,598,989 | 418,262 | - | 3,017,250 | 4,210,500 |
| Plant & Machineries | 1,236,332,381 | 8,080,046 | 1,244,412,427 | 495,709,466 | 1,740,121,893 | 10.0% | 240,606,005 | 99,946,562 | - | 340,552,567 | 1,399,569,326 |
| Electricity Installation | 11,250,519 | 275,289 | 11,525,808 | - | 11,525,808 | 10.0% | 6,431,910 | 497,705 | - | 6,929,616 | 4,596,192 |
| Factory Building & Shed | 200,820,320 | 7,000 | 200,827,320 | - | 200,827,320 | 2.50% | 23,453,852 | 4,434,320 | - | 27,888,172 | 172,939,149 |
| Factory Equipment | 27,066,155 | 1,569,309 | 28,635,464 | - | 28,635,464 | 10.0% | 10,277,141 | 1,719,875 | - | 11,997,016 | 16,638,448 |
| Gas Installation | 1,216,213 | - | 1,216,213 | - | 1,216,213 | 10.0% | 553,755 | 66,246 | - | 620,001 | 596,212 |
| Generator | 29,906,536 | 913,462 | 30,819,998 | - | 30,819,998 | 10.0% | 15,512,750 | 1,477,419 | - | 16,990,169 | 13,829,829 |
| Weighing Scale | 5,253,877 | 50,000 | 5,303,877 | - | 5,303,877 | 5.00% | 1,724,589 | 178,738 | - | 1,903,328 | 3,400,549 |
| Interior Decoration | 11,507,935 | 2,287,353 | 13,795,288 | - | 13,795,288 | 15.0% | 4,763,502 | 1,213,530 | - | 5,977,032 | 7,818,256 |
| Kitchen Equipment | 77,576 | 9,000 | 86,576 | - | 86,576 | 10.0% | 44,006 | 3,436 | - | 47,442 | 39,133 |
| Ware House, Dhaka | 3,527,907 | - | 3,527,907 | - | 3,527,907 | 10.0% | 1,546,534 | 198,137 | - | 1,744,671 | 1,783,236 |
| **Total** | **2,265,326,550** | **30,192,687** | **2,295,519,237** | **495,709,466** | **2,791,228,703** | | **361,155,990** | **116,885,036** | **-** | **478,041,026** | **2,313,187,677** |

| Particulars | At Revaluation | | | | | Rate % | Depreciation | | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance as on 01.07.2017 | Addition/ Adjustment | Total | Transferred from CWP | Balance as on 30.06.2018 | | Balance as on 01.07.2017 | Charged during the year | Disposal during the | Balance as on 30.06.2018 | Value as on 30.06.2018 |
| Land & Land Development | 230,225,920 | 332,199,939 | 562,425,859 | - | 562,425,859 | 0% | - | - | | - | 562,425,859 |
| Plant & Machineries | 120,299,531 | - | 120,299,531 | - | 120,299,531 | 10.0% | 37,009,234 | 8,329,030 | - | 45,338,264 | 74,961,267 |
| **Total** | **350,525,451** | **332,199,939** | **682,725,390** | **-** | **682,725,390** | | **37,009,234** | **8,329,030** | **-** | **45,338,264** | **637,387,126** |
| **Total - 30.06.2018** | **2,615,852,001** | **362,392,626** | **2,978,244,627** | **495,709,466** | **3,473,954,093** | **-** | **398,165,224** | **125,214,066** | **-** | **523,379,290** | **2,950,574,803** |

Ashraf Uddin & Co. DHAKA Chartered Accountants

Fixed Assets Schedule as on June 30, 2019

| PARTICULARS | COST | | | | DEPRECIATION | | | Written down as on 30/06/2019 |
|---|---|---|---|---|---|---|---|---|
| | Opening as on 01/07/2018 | Addition during the period | Total as on 30/06/2019 | Rate % | Opening as on 01/07/2018 | Charged during the period | Total as on 30/06/2019 | |
| Land and Land Developments | 528,321,877 | 20,324,877 | 548,646,754 | - | - | - | - | 548,646,754 |
| Office Building | 167,862,971 | 52,383,720 | 220,246,691 | 10 | 90,571,398 | 12,967,529.39 | 103,538,927 | 116,707,765 |
| Air Conditioner | 6,261,598 | 296,090 | 6,557,688 | 10 | 2,760,735 | 379,695 | 3,140,431 | 3,417,258 |
| Computer & Computer accessories | 3,880,786 | 344,515 | 4,225,301 | 30 | 2,811,914 | 424,016 | 3,235,930 | 989,371 |
| Fire Extinguisher | 1,853,680 | 183,000 | 2,036,680 | 10 | 668,695 | 136,799 | 805,494 | 1,231,187 |
| Furniture and Fixtures | 9,388,495 | 639,178 | 10,027,673 | 10 | 3,998,614 | 602,906 | 4,601,520 | 5,426,153 |
| Vehicles | 30,571,201 | 169,200 | 30,740,401 | 20 | 24,929,285 | 1,162,223 | 26,091,508 | 4,648,893 |
| Office Equipment | 7,227,750 | 253,740 | 7,481,490 | 10 | 3,529,283 | 395,221 | 3,924,504 | 3,556,986 |
| Plant & Machineries | 1,740,121,893 | 472,744,106 | 2,212,865,999 | 20 | 778,511,881 | 286,870,823.42 | 1,065,382,705 | 1,147,483,294 |
| Electricity Installation | 11,525,808 | 21,125 | 11,546,933 | 10 | 7,738,712 | 380,822 | 8,119,534 | 3,427,399 |
| Factory Building & Shed | 200,827,320 | - | 200,827,320 | 20 | 140,146,388 | 12,136,186 | 152,282,575 | 48,544,746 |
| Factory Equipments | 28,635,464 | 652,900 | 29,288,364 | 10 | 13,664,875 | 1,562,349 | 15,227,224 | 14,061,140 |
| Gas Installation | 1,216,213 | - | 1,216,213 | 10 | 686,752 | 52,946 | 739,698 | 476,515 |
| Generator | 30,819,998 | 405,000 | 31,224,998 | 10 | 18,794,473 | 1,243,052 | 20,037,526 | 11,187,472 |
| Weighing Scale | 5,303,877 | - | 5,303,877 | 20 | 4,539,782 | 152,819 | 4,692,601 | 611,276 |
| Interior Decoration | 13,795,288 | 2,814,300 | 16,609,588 | 15 | 6,683,405 | 1,488,927 | 8,172,332 | 8,437,256 |
| Kitchen Equipments | 86,576 | - | 86,576 | 10 | 53,293 | 3,328 | 56,621 | 29,954 |
| Ware House Dhaka | 3,527,907 | - | 3,527,907 | 10 | 1,881,438 | 164,647 | 2,046,085 | 1,481,822 |
| **TOTAL** | **2,791,228,703** | **551,231,750** | **3,342,460,454** | | **1,101,970,926** | **320,124,290** | **1,422,095,216** | **1,920,365,238** |

**REVALUATION**

| PARTICULARS | COST | | | | DEPRECIATION | | | Written down as on 30/06/2019 |
|---|---|---|---|---|---|---|---|---|
| | Opening as on 01/07/2018 | Addition during the period | Total as on 30/06/2019 | Rate % | Opening as on 01/07/2018 | Charged during the period | Total as on 30/06/2019 | |
| Land and Land Developments | 562,425,859 | | 562,425,859 | - | | - | - | 562,425,859 |
| Office Building | - | | - | - | | - | - | - |
| Plant & Machineries | 120,299,531 | | 120,299,531 | 20 | - | - | - | 120,299,531 |
| **TOTAL** | **682,725,390** | - | **682,725,390** | | - | - | - | **682,725,390** |

Ashraf Uddin & Co. Chartered Accountants DHAKA