AUDITORS' REPORT

&

ACCOUNTS

OF

LUB-RREF (BANGLADESH) LIMITED

B-6 (Part) 9-10 & 23-24, BSCIC Industrial Estate, Block-A,
Custom Academy, Sagarika Road, Chittagong-4219.

FOR THE PERIOD ENDED 30TH JUNE, 2016.

ARTISAN

CHARTERED ACCOUNTANTS
SHAH ALI TOWER (LEVEL-7),
33, KAWRAN BAZAR, DHAKA-1215

ARTISAN
Chartered Accountants

Date: 20.09.2016

AUDITORS' REPORT

We have audited the accompanying **Financial Statements** of **M/S. LUB-RREF (BANGLADESH) LIMITED** which comprise the Statement of Financial Position as at 30th June, 2016 and Statement of Comprehensive Income, and Statement of Cash Flows for the year then ended and all related consolidated financial statements and a summary of significant accounting policies and other explanatory notes.

The Managements' Responsibility for the Financial Statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS), Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion:

In our opinion, the financial statements including consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) and Bangladesh Financial Reporting Standards (BFRS) give a true and fair view of the state of the Firms as at 30th June, 2016 and of the results of its operations and its cash flows for the year ended in accordance with the generally accepted procedure applicable laws and regulations

We also Report that:

(a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;

(b) In our opinion, proper books of account as required by law have been kept by the Firm as far as it appeared from our examination of those books;

(c) The Firm's Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flow and Change in Equities dealt with by the report are in agreement with the books of account;

And

(d) The expenditure incurred was for the purpose of Firm's business.

Jalamgir.
ARTISAN
CHARTERED ACCOUNTANTS

LUB -RREF (BANGLADESH) LIMITED
B-6 (Part) 9-10 & 23-24,
BSCIC Industrial Estate, Block-A,
Custom Academy, Sagarika Road
Chittagong-4219

ARTISAN
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
As at June 30, 2016

	Notes	Amounts in Taka	
		30-Jun-16	31-Dec-15 Restated
ASSETS			
Non Current Assets		**2,306,320,414**	**2,076,573,021**
Property, Plant and Equipment	3.00	2,306,320,414	2,076,573,021
Current Assets		**790,019,665**	**784,988,701**
Inventories	4.00	196,593,883	205,859,894
Trade & Other Receivable	5.00	301,640,755	333,277,395
Advances Deposits & Others	6.00	138,523,739	141,303,149
Related Party Current Account	7.00	141,426,472	90,459,102
Cash and Cash Equivalents	8.00	11,834,816	14,089,161
TOTAL ASSETS		3,096,340,079	2,861,561,722
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholders' Equity		**1,143,373,953**	**1,081,832,706**
Share Capital	9.00	285,313,480	285,313,480
Revaluation Reserve	10.00	304,797,679	307,681,936
Retained Earnings	11.00	553,262,794	488,837,290
Non-Current Liabilities		**1,094,342,808**	**1,005,331,861**
Share Money Deposit	12.00	198,663,582	157,118,582
Long Term Loan-non current portion	13.00	782,120,023	744,747,984
Deferred Tax Liability	15.00	113,559,203	103,465,295
Current Liabilities		**858,623,318**	**774,397,155**
Long Term Loan-Current Portion	13.00	78,000,000	146,268,000
Lease Liabilities- Current portion	14.00	-	33,818
Short Term Bank Loan	16.00	753,292,674	604,592,645
Accounts Payables	17.00	7,534,990	5,914,831
Liabilities for Income Tax	18.00	9,595,053	7,949,174
Liability for Expenses	19.00	10,200,601	9,638,687
TOTAL SHAREHOLDERS EQUITY & LIABILITIES		3,096,340,079	2,861,561,722
NET ASSET VALUE PER SHARE (NAV) with Re-Valuation	30.00	40.07	37.92
NET ASSET VALUE PER SHARE (NAV) without Re-Valuation		29.39	27.13

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

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

Signed as per our annexed report of even date.

Date: 20th September 2016
Place: Dhaka

ARTISAN
CHARTERED ACCOUNTANTS

ARTISAN Chartered Accountants Dhaka

LUB -RREF (BANGLADESH) LIMITED

B-6 (Part) 9-10 & 23-24,
BSCIC Industrial Estate, Block-A,
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Chittagong-4219

ARTISAN
CHARTERED ACCOUNTANTS

STATEMENT OF PROFIT / LOSS & OTHER COMPREHENSIVE INCOME

For the period from 01 Januery 2016 to 30 June 2016

	Notes	Amounts In Taka 01.01.2016 to 30.06.2016	01.01.2015 to 30.06.2015
Revenues	20.00	465,050,539	393,473,457
Cost of Goods Sold	21.00	(324,391,213)	(263,230,374)
Gross Profit		140,659,326	130,243,083
Operating Expenses		**(17,231,254)**	**(14,267,105)**
General and Administrative Expenses	22.00	(14,909,394)	(13,574,760)
Selling and Distribution Expenses	23.00	(10,086,775)	(9,638,015)
Other Operating Income	24.00	7,764,915	8,945,670
Gross Operating Profit for the period		123,428,072	115,975,978
Financial Expenses	25.00	(50,796,845)	(50,226,267)
Net Operating Profit for the period		72,631,227	65,749,711
Other Non Operating Income		649,807	**588,319**
Financial Income	26.00	109,332	232,869
Income from Other	27.00	540,475	355,450
Profit Before Income Tax for the period		73,281,034	66,338,030
Provision for Income Tax		(11,739,787)	(5,703,396)
Current Tax	28.01	(1,645,879)	(1,209,022)
Deferred Tax	28.02	(10,093,908)	(4,494,374)
Net Profit After Tax for the period		61,541,247	60,634,634
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		61,541,247	60,634,634
Earnings Per Share (EPS) Basic	29.00	2.16	2.13

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

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

Signed as per our annexed report of even date.

Date: 20th September 2016
Place: Dhaka

ARTISAN
CHARTERED ACCOUNTANTS

ARTISAN Chartered Accountants Dhaka

LUB-RREF (BANGLADESH) LIMITED

B-6 (Part) 9-10 & 23-24,
BSCIC Industrial Estate, Block-A,
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Chittagong-4219

ARTISAN
CHARTERED ACCOUNTANTS

STATEMENT OF CHANGES IN EQUITY
For the period from 1 January 2016 to 30 June 2016

Amount in Taka

Particulars	Share Capital	Share Money Deposit	Revaluation Reserve	Retained Earnings	Total
Balance as at January 01, 2016	285,313,480	157,118,582	307,681,936	488,837,291	**1,081,832,707**
Addition during the year	-	41,545,000	-		-
Adjustment for for Revaluation Surplus		-	(2,884,257)	2,884,257	-
Net profit/ (Loss) after tax for the year	-	-	-	61,541,247	**61,541,247**
Balance as at June 30, 2016	285,313,480	198,663,582	304,797,679	553,262,795	1,143,373,954

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2015

Particulars	Share Capital	Share Money Deposit	Revaluation Reserve	Retained Earnings	Total
Balance as at January 01, 2015	285,313,480	157,118,582	247,968,655	387,297,744	1,077,698,461
Addition during the year			(6,356,812)	6,356,812	-
Net profit/ (Loss) after tax for the year				95,182,735	95,182,735
Add Prior year adjustment for differed tax			66,070,093		66,070,093
Balance as at December 31, 2015	285,313,480	157,118,582	307,681,936	488,837,291	1,238,951,289

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

Signed as per our annexed report of even date.

Date: 20th September 2016
Place: Dhaka

ARTISAN
CHARTERED ACCOUNTANTS

ARTISAN Chartered Accountants Dhaka

LUB -RREF (BANGLADESH) LIMITED
B-6 (Part) 9-10 & 23-24,
BSCIC Industrial Estate, Block-A,
Custom Academy, Sagarika Road
Chittagong-4219

ARTISAN
CHARTERED ACCOUNTANTS

STATEMENT OF CASH FLOWS

For the period from 01 July 2016 to 30 June 2016

	Amounts in Taka	
	01.01.2016 to 30.06.2016	01.01.2015 to 30.06.2015
A. Cash Flows from Operating Activities:		
Receipts from customers & Others	505,101,900	358,028,776
Payments to suppliers, employees & others	(303,674,220)	(300,163,914)
Income tax paid	(3,953,530)	(4,045,987)
Net cash (used in) / generated by operating activities	**197,474,150**	**53,818,875**
B. Cash Flows from Investing Activities:		
Purchase of property, plant & equipment	(79,111,213)	(20,579,378)
Capital Work-In-Progress	(178,168,318)	(163,435,241)
(Increase)/Decrease in Related Party Current Account	(50,967,370)	(8,418,412)
Net cash (used in) / generated by investing activities	**(308,246,901)**	**(192,433,031)**
C. Cash Flow from Financing Activities:		
Interest Paid for term Loan	(50,796,845)	(50,226,267)
Increase/(Decrease) in short term loan	148,700,029	269,259,445
Increase/(Decrease) in long term loan	(30,929,779)	(78,208,026)
Increase/(decrease) in share money deposit	41,545,000	-
Net cash (used in) / generated by financing activities	**108,518,405**	**140,825,152**
D. Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(2,254,345)**	**2,210,996**
E. Opening Cash and Cash Equivalents	14,089,161	13,531,438
F. Closing Cash and Cash Equivalents (D+E)	**11,834,816**	**15,742,435**
Net operating cash flow per share	6.92	1.89

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

Signed as per our annexed report of even date.

ARTISAN
CHARTERED ACCOUNTANTS

ARTISAN Chartered Accountants Dhaka

Date: 20th September 2016
Place: Dhaka

Notes, significant accounting policies and other explanatory information
For the period from January 01, 2016 to June 30, 2016

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 on 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 is to manufacture in its factory at Plot No.-B-6 (part), 9, 10 BSCIC Industrial Estate, Sagarika Road, Chittagong and marketing of Engine Oil series, Gear Lubricants & Hydraulic Oils conforming to latest claims like API SL/CF, API CF-4, MB229.1, ACEA A3-02, VW 505.00, U.S. Steel 224, DIN 51517 Part 3, API GL-4, V5, Denison HF-0, DIN 51524 Part-II, Vickers 35VQ, AFNOR NF E 48-603 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 foreseeable future. For this reason, the directors continued to adopt going concern basis in preparing the Financial Statements. The current credit facilities and resources of the company provide sufficient fund to meet the present requirements of its existing businesses and operations.

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.

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) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as Bangladesh Accounting Standard (BAS) and Bangladesh Financial Reporting Standard (BFRS). The Board of Directors is responsible for preparing and processing the Financial Statements including adequate disclosure, which approved and authorized for the issue of these Financial Statements.

ARTISAN Dhaka Chartered Accountants

The Statements of Financial Position and Statement of Comprehensive Income have been prepared according to BAS-1"**Presentation of Financial Statements**" based on accrual basis of accounting following going concern assumption and Statement of Cash Flows according to BAS 7 **"Statement of Cash Flows"**

2.04 Corporate Accounting Standards Practiced

The following Bangladesh Accounting Standards (BAS) and interpretation have been applied the Financial Statements for the period under review:

BAS 1	Presentation of Financial Statements
BAS 2	Inventories
BAS 7	Statement of Cash Flows
BAS 8	Accounting Policies, Changes in Accounting Estimates & Errors
BAS 10	Events after the Balance Sheet Date
BAS 12	Income Taxes
BAS 16	Property, Plant & Equipment
BAS 17	Leases
BAS 19	Employee Benefit
BAS 21	The Effects of Changes in Foreign Exchange Rates
BAS 23	Borrowing Costs
BAS 24	Related Party Disclosures
BAS 25	Accounting for Investment
BAS 28	Investment in Associates
BAS 33	Earnings Per Share
BAS 34	Interim Financial Reporting
BAS 37	Provision, Contingent Liabilities and Contingent Assets
BAS 38	Intangible Assets
BAS 39	Financial Instruments, Recognition& Measurement
BFRS 5	Non-Current Assets Held for Sale & Discontinued Operation
BFRS 7	Financial Instruments: Disclosures
BFRS 13	Fair Value Measurement

2.05 Presentation of financial statements

The presentation of these financial statements are in accordance with the guidelines provided by BAS: 1 'Presentation of Financial Statements'.

(i) A statement of financial position as at June 30, 2016;
(ii) A statement of profit / loss and other comprehensive income for the period from January 01, 2016 to June 30, 2016;
(iii) A statement of changes in equity for the period from January 01, 2016 to June 30, 2016;
(iv) A statement of cash flows for the period from January 01, 2016 to June 30, 2016; and
(v) Notes, significant accounting policies and other explanatory information for the period from January 01, 2016 to June 30, 2016.

2.06 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
Securities & Exchange Ordinance, 1969
Bangladesh Securities and Exchange Rules, 1987

ARTISAN Dhaka Chartered Accountants

2.07 Reporting Period

The financial period of the company covers from January 01, 2016 to June 30, 2016.

2.08 Functional and Presentational reporting currency

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

2.09 Property, Plant and Equipment

2.09.1 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 building 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 *BAS 23 "Borrowing Cost* "finance costs have been capitalized for qualifying assets.

2.09.2 Depreciation on Fixed Assets

Depreciation on fixed asset 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 BAS-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	30%
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%

ARTISAN Dhaka Chartered Accountants

2.09.3 Disposal of Fixed Assets

On disposal of fixed assets, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the income statement, which is determined with reference to the net book value of the assets and net sales proceeds.

2.09.4 Maintenance Activities

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

2.09.5 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.

2.09.6 Impairment of Assets

No fact and circumstances indicate that company's assets including property, plant and equipment may be impaired. Hence, no evaluation of the recoverability of assets was performed.

2.10 Intangible Asset

2.10.1 Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss if any. An intangible asset is recognized when all the conditions for recognition as per BAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

2.10.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account when incurred. Balanced amount of Intangible Assets fully charged during this year.

2.11 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 to that, As per BAS 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 reported period.

2.12 Inventories

Inventories are valued in compliance with the requirement of BAS 2

Category	Basis of Valuation
Raw and Packing Materials	Weighted average cost
Work in process	Average cost of materials and Appropriate Manufacturing expenses
Finished Goods	At Cost
Goods in Transit	At Cost

2.13 Financial Instruments

2.13.1 Derivative

According to BFRS 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.

ARTISAN Dhaka Chartered Accountants

2.13.2 Non-Derivation

Non-derivative financial instruments comprise of accounts and other receivable, borrowings and other payable are shown at transaction cost as per BAS 39 "Financial Instruments: Recognition and Measurement".

2.13.3 Accounts Receivable (Trade Debtors)

Trade debtors are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period end.

2.13.4 Advance, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less 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 pre payments are carried at cost less charges to profit and loss account.

2.13.5 Cash and Cash Equivalents

According to BAS -7 " Statement of Cash Flows" cash comprise 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. BAS -1 "Presentation of Financial Statements" provides that cash and cash equivalents are not restricted in use. Consideration the provisional of BAS-7 and BAS-1, Cash in Hand and Bank Balances has been treated as Cash and Cash Equivalents.

2.13.6 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.

2.13.7 Other Current Assets

Other current assets 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.

2.13.8 Trade Creditors and Accruals

Liabilities are recorded at the amount payable for settlement in respect of goods and services received by the company, whether or not billed by the suppliers.

2.14 Provision, Contingent Liabilities and Contingent Assets

The Financial Statements are prepared in conformity with BAS 37 "Provision, Contingent Liabilities and Contingent Assets", which requires managements 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 BAS-37 provisions were recognized in the following situations:

- When the company has a present obligation as a result of past event.
- When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and
- A reliable estimate can be made of the sum of the obligation.

ARTISAN Dhaka Chartered Accountants

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.

2.15 Loans and Borrowing

Principal amounts of loans and borrowings are stated at their outstanding amount. 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.

2.16 Revenue Recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and the possible return of goods can be estimated reliably as provided in BAS 18 "Revenue" and there is no continuing management involvement with the goods.

2.17 Foreign Currency transactions and translations

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

2.18 Employees Benefits

The company offers a number of Benefit plans which include contributory provident fund, gratuity fund, hospitalization benefit and festival bonus which have been accounted for in accordance with the provision of Bangladesh Accounting Standard 19"Employees Benefit."

2.19 Finance Income and Expenses

Finance income comprises interest income on funds invested Interest Income is recognized on maturity. Finance expenses comprise interest expenses on loan, overdraft and bank charges. All borrowing costs are recognized in the profit and loss account using effective interest method except to the extent that they are capitalized during constructions period of the plants in accordance with BAS-23 Borrowing cost.

2.20 Earnings per Share (EPS)

The Company calculates its Earning per Share (EPS) in accordance with **BAS 33"Earning 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 year.

Diluted earnings per share

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

ARTISAN Dhaka Chartered Accountants

2.21 Statement of Cash flows

Statement of Cash flows have prepared in accordance with BAS 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 18(a) of BAS-7 which provides that "Enterprises are encouraged to report Cash Flow from Operating Activities using the Direct Method".

2.22 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).

2.23 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 assumption 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. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as depreciation and amortization, taxes, reserves and contingencies.

2.24 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 not adjusting events are disclosed in the notes when material.

2.25 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 BAS 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 BAS 24 'Related Party Disclosures'. Related party transactions have been disclosed under Note – 37.

2.26 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 which are not within the control of the company.

2.27 Income Tax

Income tax on the profit or loss for the year comprises a 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.

2.27.1 Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Provision for corporate income tax is made @ 35% on estimated taxable profit in accordance with the income tax laws.

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2.27.2 Deferred Tax

Deferred tax is recognized using (in accordance with the"BAS-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 base of an asset or liability and its carrying amount/reported the amount in the Balance Sheet. Deferred tax assets or liability is the amount of income tax recoverable or payable in a 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.

2.27.3 Tax Holiday

The Company has been enjoying a tax holiday for a period of four years from the date of Commencement of Commercial production i.e. 01 December 2006 vide National Board of Revenue's order ref-11(7), anu-1/2007/902(2) dated 31.03.2008. The period of Tax holiday of the Company has expired on 30 November 2010.

2.28 Adjusting of Accounting Period based on Finance Act 2015

The accounting year of LUB-RREF (BANGLADESH) LIMITED was for the period from January to December. To comply uniform year ending of all companies (except financial institutions) as on 30 June on the basis of amended law by section 2(35) of Income Tax Ordinance 1984 and Financial Act 2015. The Board of Directors of LUB-RREF (BANGLADESH) LIMITED has decided to close the accounts as on 30 June. Therefore, these accounts have been prepared for the period from 1 January 2016 to 30 June 2016 (for Six months).

2.29 Comparative information (General)

Comparative information has been disclosed as required by BAS 34: 'Interim Financial Reporting' in respect of the previous period for all numerical information in the current financial statements as below:

- Statement of Financial Position as at the end of the preceding financial period;
- Statement of Profit or Loss and other Comprehensive Income for the comparable interim period of preceding financial period;
- Statement of Changes in Equity for the comparable interim period of preceding financial period; and
- Statement Cash Flows for the comparable interim period of preceding financial period.

Re-arrangement

Comparative figures have been rearranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the financial statement.

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		Amounts In Taka	
		30-Jun-16	31-Dec-15

3.00 Property, Plant and Equipment (3.00+3.02+3.04) — **2,306,320,414** | **2,076,573,021**

		30-Jun-16	31-Dec-15
A. Cost			
Opening Balance		1,438,358,454	1,410,578,526
Add: Addition during the year		79,111,213	27,779,928
Add: Transfer from Capital Work in Progress		150,250,833	-
Total Cost		**1,667,720,500**	**1,438,358,454**
B. Accumulated Depreciation			
Opening Balance		268,290,361	216,240,086
Add: Charged during the year (Note 3.03)		24,647,881	52,050,275
Total Charged		**292,938,242**	**268,290,361**
C. Written Down Value (A-B)		**1,374,782,258**	**1,170,068,093**

A schedule of property, plant and equipment is given in Annexure - A

3.02 Revaluation Resurve

		30-Jun-16	31-Dec-15
A. Revaluation			
Opening Balance		321,067,350	321,067,350
Add: Revaluation made during the year		-	
Total Revaluation		**321,067,350**	**321,067,350**
B. Accumulated Depreciation on Revaluation			
Opening Balance		13,385,414	7,028,602
Add: Charged during the year (Note 3.01)		2,884,257	6,356,812
Total Depreciation Charged		**16,269,671**	**13,385,414**
C. Written Down Value of Revaluation (A-B) as on 30 June 2016		**304,797,679**	**307,681,936**

A schedule of property, plant and equipment is given in Annexure - A

3.03 Allocation of Depreciation Charges

		30-Jun-16	31-Dec-15
Factory Overhead @ 70%	Note-22.05	19,272,497	40,884,961
General and Administration Overhead @ 15%	Note-23	4,129,821	8,761,063
Selling and Distribution overhead @ 15%	Note-24	4,129,821	8,761,063
		27,532,138	58,407,087

3.04 Capital Work-in-Progress

		30-Jun-16	31-Dec-15
Opening balance		598,822,992	374,014,264
Add: Investment made during the year		151,568,359	185,340,254
Add: Interest Capitalise during the year		26,599,959	39,468,474
Less: Completed & Transferred to Fixed Asset during the year		(150,250,833)	-
		626,740,477	598,822,992

As per BAS 23, 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 reported period.

The make-up of the Closing Balance

		30-Jun-16	31-Dec-15
1	HFO Dehydration	117,790,538	80,461,405
2	LDO Mass Blending Plant	60,315,134	45,324,859
3	VI/VII Plant	70,649,676	41,253,268
4	Transformer Oil Filteration Plant	-	35,982,485
5	Gear Oil Automotive & Industrial	-	39,142,931
6	Grease Point	64,247,372	72,597,952
7	Co-Generation (25 KW/H)	42,831,362	37,222,449
8	Distilled Water Plant	39,470,804	34,301,968
9	Coolant Plant	44,089,252	38,315,622
10	Laboratory Service	146,909,092	136,616,012
11	BMRE	40,437,247	37,604,041
		626,740,477	598,822,993

As per BAS 23, 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 reported period.

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		30-Jun-16	31-Dec-15
4.00	**Inventories**		
	Raw materials - note 4.01	164,279,320	170,814,980
	Packing materials - note 4.02	4,356,876	5,549,903
	Finished goods - note 4.03	27,957,687	29,495,011
		196,593,883	205,859,894
4.01	**Raw materials - note 4.00 & 21.01**		
	Base Oil	126,545,120	132,046,277
	Additives & Chemicals	37,734,200	38,768,703
		164,279,320	170,814,980
4.02	**Packing materials - note 4.00 & 21.02**		
	Empty Drum, Pail & Container	2,889,345	3,928,614
	Carton	478,330	527,443
	Stickers	500,178	568,896
	PVC Shrinks & Others	489,023	524,951
		4,356,876	5,549,903
4.03	**Finished goods - note 4.00 & 21**		
	Lubricating Oil - Own	27,957,687	29,495,011
		27,957,687	29,495,011
5.00	**Trade & Others Receivable**	301,640,755	333,277,395
5.01	**Accounts Receivables**		
	Opening Balance	329,676,867	254,115,103
	Add: Addition during the year	465,050,539	830,038,537
		794,727,406	1,084,153,640
	Less: Realized during the year	495,440,237	754,476,773
		299,287,168	329,676,867
	Disclosure as per schedule-XI, Part-I, of the Company Act, 1994		
	Dues over 6 Months	89,786,150	101,113,801
	Dues within 6 Months	209,501,018	228,563,066
	Total	299,287,168	329,676,867
	Receivable considered good & secured	277,456,877	222,180,270
	Receivable considered good without security	106,511,008	107,496,597
	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		
		299,287,168	329,676,867
5.02	**Other Receivable**		
	Astech Limited	2,291,918	3,564,627
	T.k.Chemical Complex	-	3,910
	Sea Side Marine Group	-	700
	Chittagong Port Authority	-	23,993
	Regent Fabrics Limited	-	7,298
	Accrued Interest Income (FDR)	61,669	-
		2,353,587	3,600,528
6.00	**Advances, Deposits and Prepayments**		
	Advances - note 6.01	134,556,376	136,758,877
	Deposits - note 6.02	3,967,363	4,544,272
		138,523,739	141,303,149

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		30-Jun-16	31-Dec-15
6.01	**Advances**		
	Advance against L/C	76,029,329	80,529,329
	Advance against VAT	50,620	79,559
	Advance Against Salary & Allowance	730,500	521,748
	Advance Against Procurement	22,385,669	27,145,086
	Advance Travelling & Conveyance	35,000	47,000
	Advance agt. Motor Cycle Registration	-	10,250
	Advance against Office Rent	60,000	60,000
	Advance Income Tax (7.01.1)	29,744,435	25,790,905
	Advance against Floor Purchase	2,575,000	2,575,000
	Advance to others	2,945,823	3,282,130
		134,556,376	136,758,877
6.01.1	**Advance Income Tax**		
	Opening Balance	25,790,905	17,361,618
	Add: Addition During the period	3,953,530	8,429,287
		29,744,435	25,790,905
	Less: Adjustment during the year	-	-
	Closing Balance	29,744,435	25,790,905
6.02	**Deposits**		
	Bangladesh Railway	197,985	197,985
	BOC Bangladesh Ltd.	56,000	56,000
	PDB- Pahartali	253,800	253,800
	Bakhrabad Gas System Ltd.	800,928	706,398
	Chittagong Port Authority	131,250	131,250
	Bangladesh Telephone and Telegraph Board-BTTB	24,000	24,000
	Chittagong WASA	100,000	100,000
	Van Omran Tank Terminal -VOTT	1,860,000	2,210,000
	Speed Track (Pvt) Ltd.	10,000	10,000
	Ranks Tel	-	1,240
	Rural Power Company Limited -RPCL	95,400	95,400
	Chittagong Chamber of Commerce	96,000	-
	Al-Haj Karim Ullah for Dhaka Warehouse	300,000	300,000
	PDB- Raujan, Chittagong	42,000	42,000
	Uria Fertilizer	-	16,200
	Security Deposit with General Electric Manufacturing Co. Ltd	-	400,000
		3,967,363	4,544,272
6.03	**Additional disclosure in line with schedule 11 part 1 of the Companies Act 1994**		
	Advance Outstanding for a period exceeding six months	36,346,798	32,910,177
	Advance considered good	138,523,739	136,758,877
	Advance to Director & Offices of the common Management Company	-	-
6.04	These include dues realizable/ adjustable within one year next from the reporting date		
6.05	Advance include aggregate amount due by the officers of the company		
6.06	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**	141,426,472	90,459,102
7.01	**Companygonj Agro Industries Limited**		
	Opening Balance	86,593,667	74,466,881
	Add: Addition during the year	59,683,550	13,814,901
		146,277,217	88,281,782
	Less: Adjustment/Paid off during the year	9,051,430	1,688,115
	Closing Balance	137,225,787	86,593,667

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		30-Jun-16	31-Dec-15
7.02	**Julda Shipyard Limited**		
	Opening Balance	3,865,435	3,098,432
	Add: Addition during the year	335,250	767,003
		4,200,685	3,865,435
	Less: Adjustment/Paid off during the year	-	-
	Closing Balance	4,200,685	3,865,435

		30-Jun-16	31-Dec-15
8.00	**Cash and Cash Equivalents**		
	Cash in Hand Note- 8.01	5,893,133	10,077,866
	Cash at Bank Note- 8.02	2,694,453	860,179
	FDR Investment Note- 8.03	3,247,230	3,151,117
		11,834,816	14,089,161

		30-Jun-16	31-Dec-15
8.01	**Cash in Hand**		
	Cash at Head Office (Ctg)	4,540,241	6,335,295
	Cash at Dhaka Office	1,352,892	3,742,571
		5,893,133	10,077,866

		Branch	Types	30-Jun-16	31-Dec-15
8.02	**Cash at Bank**				
	Southeast Bank Limited	Jubilee Road	Current	875,689	1,689
	Southeast Bank Limited	Karwan Bazar	Current	2,731	2,109
	Southeast Bank Limited (30092)	Jubilee Road	Current	642,927	-
	Islami Bank BD Limited	Agrabad	Current	447,872	365,843
	Dutch Bangla Bank Limited	CDA	Current	3,628	1,615
	Pubali Bank Limited	Pahartali	Current	105,076	160,452
	Al Arafah Islami Bank Limited	Agrabad	Current	19,925	20,500
	Sonali Bank Limited	Laldighi	Current	15,662	2,387
	Uttara Bank Ltd	Agrabad	Current	122,495	17,937
	Sahajalal Islami Bank Ltd	Dhaka Main	Current	4,089	4,664
	Islami Bank BD Limited	Pahartali	SND	32,613	32,613
	EXIM Bank Limited	Agrabad	Current	362,375	246,635
	Sonali Bank Limited	Teknaf	Current	3,160	3,735
	Southeast Bank Limited	Pahartali	SND	56,211	-
				2,694,453	860,179

All the bank balances were confirmed by the respective bank.

			30-Jun-16	31-Dec-15
8.03	**FDR Investment**			
	012701/24500013791/05	SEBL Jubilee Road Branch	543,632	543,632
	7072174/24500015854/06	SEBL Jubilee Road Branch	895,668	897,761
	24500025572	SEBL Jubilee Road Branch	1,298,538	1,208,567
	7140073/24500027123	SEBL Jubilee Road Branch	260,825	242,254
	24300003787	SEBL, Pahartali Branch	248,567	258,903
			3,247,230	3,151,117

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		30-Jun-16	31-Dec-15
9.00	**Share Capital**		
	Authorized Capital		
	100,000,000 Ordinary Shares of Tk 10 each	1,000,000,000	1,000,000,000
	Paid up Capital		
	28,531,348 Ordinary Shares of Tk 10 each are fully paid in cash	285,313,480	285,313,480

The Issued, Subscribed and Paid-up Capital is Tk. 285,313,480 divided into 28,531,348 ordinary shares of Taka 10.00 each fully paid. The Shareholding position of the company as on 30 June 2016 is as follows:

Sl.	Name of Shareholders	Number of Shares held	% of Shareholding	Amounts in Taka	
				30-Jun-16	31-Dec-15
1.	Mr. Mohammed Yousuf	25,909,548	91%	259,095,480	259,095,480
2.	Mrs. Rubaiya Nahar	2,351,770	8%	23,517,700	23,517,700
3.	Md. Salah Uddin Yousuf	20,000	0%	200,000	200,000
4.	Mrs. Israt Jahan	20,000	0%	200,000	200,000
5.	Companygonj Agro Industries Ltd	30,000	0%	300,000	300,000
6	Others	200,030	1%	2,000,300	2,000,300
	Total	28,531,348		285,313,480	285,313,480

		30-Jun-16	31-Dec-15
10.00	**Revaluation Reserve**		
	Opening Balance	307,681,936	247,968,655
	Add: Prior year adjustment for Differed Tax on Revaluation	-	66,070,093
	Less: Adjustment of depreciation on revalued amount	(2,884,257)	(6,356,812)
	Closing Balance	304,797,679	307,681,936
11.00	**Retained Earnings**		
	Opening Balance	488,837,290	387,297,743
	Add: Net Profit /(Loss) during the year	61,541,247	95,182,735
	Add: Current year depreciation on revalued amount of fixed assets	2,884,257	6,356,812
	Closing Balance	553,262,794	488,837,290
12.00	**Share Money Deposit**		
	Opening Balance	157,118,582	157,118,582
	Add: Addition during the year	41,545,000	-
	Closing Balance	198,663,582	157,118,582
13.00	**Long Term Loan**		
	Opening Balance	891,015,984	891,015,984
	Add: During the year	42,416,039	-
	Less: Adjustment/Paid during the year	(73,312,000)	-
	Closing Balance	860,120,023	891,015,984
	Less: Current portion of Long term Loan	78,000,000	146,268,000
	Non Current Portion of Long Term Loan	782,120,023	744,747,984

Brief details of Long term Loan:

Bank Name:	Southeast Bank Limited, Jubilee Road Branch, Ctg			
Tenure:	2-10 (year)			
Limit:	87.35 Crore			
Security:	Land 892.59 Decimal & Factory Building			
Interest Rate:	10% per year			
Sanction Date:	20-Oct-11	5-Apr-12	29-Dec-14	7-May-14

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	30-Jun-16	31-Dec-15
14.00 Lease Liabilities		
Due within one year	-	33,818
Due after one year	-	-
	-	**33,818**

Details are as follows:

Finance Provider	Industrial & infrastructure Development Finance Company Limited
Limit	0.53 Core
Installment Size	1.26 Lac

Lease Finance Against Car

IIDFC Provide Finance Facility of Tk 53,10,000 for procurement of two unit of vehicles . The Fund was disbursed on Sept 2010 and the lease was executed on the same date. This lease is repayable in 60 equal installment of Tk 1,26,036 starting from October 2010 and Rate of Interest 13%

	30-Jun-16	31-Dec-15
15.00 Deferred Tax		
Deferred Tax Liabilities		
Carrying Value (As per Accounts)	1,374,782,258	1,170,068,093
Carrying Value (As per Tax Base)	1,050,327,393	874,452,964
Temporary Difference	**324,454,865**	**295,615,129**
Effective Tax Rate	35%	35%
Deferred Tax Liability/(Assets)	**113,559,202.88**	**103,465,295**

	30-Jun-16	31-Dec-15
16.00 Short Term Loan		
Southeast Bank -Time Loan	329,759,604	215,602,763
Al Arafah Islami Bank Limited	3,909,739	3,909,739
Southeast Bank - Non Interest Loan	-	4,508,065
Southeast Bank Ltd- Overdraft	419,623,331	380,572,078
	753,292,674	**604,592,645**

Brief details of Short term Loan:

Bank Name:	Southeast Bank Limited & Al Arafa Islami Bank Limited
Tenure:	0-1 Year
Limit:	40.25 Crore
Security:	Land 892.59 Decimal & Factory Building
Interest Rate:	10%-12% per year
Renewal date:	10-Feb-16

	30-Jun-16	31-Dec-15
17.00 Accounts Payable		
Alam Hardware	36,550	244,777
Al-Baraka Enterprise	244,777	898,006
Astech Limited, Chittagong	883,102	-
Banani Drum Suppliers, Agrabad, Ctg.	-	499,500
Bhai Bhai Matels Works	3,376,757	1,335,135
Bismillah Pte International	54,980	-
Crown Traders-Dhaka	726	-
Dana Engineers International Ltd.	29,800	295,925
Electro Tech-Ctg.	15,000	-
Favorite Traders -Chittagong	27,858	-
Fortune Information Tech.Ctg.	9,000	-
I fad Autos Limited, Sonargaon Road, Dhaka-1000	-	530,419
Janani Computer	14,140	-
M.B Enterprise	6,000	-
M.H.Enterprise Ctg.	16,820	-
M.I.Standard Trading Agency. (Ctg)	17,000	17,000
Maya Automobile-ULO	717,958	717,958
Parkesine Products Limited.,Guishan-1,Dhaka.	330,000	-
Pioneer Scientific Stores. Dhaka.	23,840	2,140
Rahimafrooz Distribution Ltd.	-	6,952
Rashed Enterprise- Chittagong	1,373,126	949,573
Rupali Agency(Ctg)	38,591	38,885
Sea Port Shipping-Ctg	101,862	101,862
Yousuf Printers, Anderkilla, Chittagong.	217,103	276,700
	7,534,990	**5,914,831**

All Creditors were paid on regular Basis

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		30-Jun-16	31-Dec-15
18.00	**Liablities for Income Tax**		
	Opening Balance	7,949,174	5,407,215
	Add: Provision for the year	1,645,879	2,541,959
		9,595,053	7,949,174
	Less: AIT Adjustment/paid during the year	-	-
		9,595,053	7,949,174

		30-Jun-16	31-Dec-15
19.00	**Liabilities for Expenses**		
	Wages, Salary & Allowence ces	1,542,289	2,066,725
	Directors' Remuneration	573,300	568,500
	Audit and professional Fees	125,000	250,000
	Liabilities for factory Insurance	3,194,641	3,486,764
	Others	2,540,798	2,643,358
	Recognized Provident Fund	1,469,462	-
	Withholding Tax Liabilities (TDS)	755,111	623,340
		10,200,601	9,638,687

	Amounts In Taka	
	01 Jan 2016 to 30 Jun 2016	01 Jan 2015 to 30 Jun 2015
20.00 Revenue		
Mono Grade	361,609,498	272,103,406
Multi Grade	28,319,622	26,296,239
Industrial Grade	69,139,576	83,536,003
Marine Grade	4,231,680	5,269,318
Others	1,750,163	6,268,491
	465,050,539	393,473,457
21.00 Cost of Goods Sold		
Raw Materials Consumed- note 22.01	253,448,442	208,502,005
Packing Materials Consumed- note 22.02	32,918,573	22,700,613
Total Consumption	286,367,015	231,202,618
Factory Overhead Note-22.03	36,486,874	35,715,994
Cost of Goods Manufactured	322,853,889	266,918,612
Opening Finished Goods	29,495,011	26,969,862
Cost of Goods Available for Sale	352,348,900	293,888,474
Closing Finished Goods	(27,957,687)	(30,658,100)
Cost of Goods Sold	324,391,213	263,230,374
21.01 Raw Materials Consumed		
Opening Inventory	170,814,981	112,647,559
Purchase during the period	246,912,781	238,924,624
Raw Materials available for use	417,727,762	351,572,183
Closing Inventory	(164,279,320)	(143,070,178)
	253,448,442	208,502,005
21.02 Packing Materials Consumed		
Opening Inventory	5,549,903	4,293,688
Purchase during the period	31,725,546	22,567,800
Packing Materials available for use	37,275,449	26,861,488
Closing Inventory	(4,356,876)	(4,160,875)
	32,918,573	22,700,613
21.03 Factory Overheads		
Salary, wages and allowances	4,518,640	4,134,560
Festival Bonus	456,892	340,200
Depreciation - note 3.1	19,272,497	20,238,346
Carriage inward	217,550	205,439
Director's remuneration and benefits	1,375,920	1,285,500
Electricity, power & fuel	280,378	239,784
Entertainment	42,455	36,023
Factory general expenses	273,231	264,980
Gas, power & fuel	2,362,959	2,120,456
Insurance premium	2,521,151	2,158,674
Laboratory expenses	398,409	387,456
Medical expenses	36,754	27,350
Repairs and maintenance	2,543,685	2,462,751
Travelling and conveyance	25,439	13,245
VOTT Rent	2,160,915	1,801,230
	36,486,874	35,715,994

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22.00 General and Administrative Expenses

Salary and allowances	2,339,646	2,178,190
Festival Bonus	385,250	435,550
Depreciation - note 3.1	4,129,821	4,336,788
Audit fees	125,000	160,250
Board Meeting Fees	60,000	54,000
Canteen expenses	236,987	191,835
Director's remuneration and benefits	2,063,880	2,125,500
Gas & Water expenses	13,125	11,030
Entertainment	423,157	375,693
Legal & professional fees	363,359	446,200
Miscellaneous expenses	291,897	283,454
Motor Vehicle Upkeep	378,564	410,237
Newspapers & periodicals	7,920	6,805
Office General Expenses	542,133	487,692
Office rent, rates & renewal fees	372,086	332,560
Office supplies & stationery	270,367	227,523
Postage & courier	125,430	84,045
Repairs and maintenance	434,529	623,990
Telephone & fax	475,635	447,378
Recognized Provident Fund	1,469,462	-
Travelling and conveyance	366,857	325,920
Cleaning expenses	34,289	30,120
	14,909,394	**13,574,760**

23.00 Selling and Distribution Expenses

Salary and Allowances	2,128,782	2,001,540
Depreciation - note 3.1	4,129,821	4,336,788
Advertisement	115,240	73,984
Carriage outward	567,498	523,096
Marketing Expense	504,395	364,578
Rent, Rates & Taxes	198,760	165,072
Repairs & Maintenance	487,890	409,873
Sales commission & promotional expenses	1,694,345	1,547,832
Bogra Warehouse Exp.	54,700	54,310
Associated Sales Centre Expenses	205,345	160,942
	10,086,775	**9,638,015**

24.00 Other Operating Income

Income From Lab Testing	7,764,915	8,945,670
	7,764,915	**8,945,670**

25.00 Financial Expenses

Interest on Long Term Loan	15,816,080	26,822,081
Interest on Short Term Loan	9,338,397	16,850,428
Interest on Bank Over Draft	25,263,543	6,364,383
Bank Charges & Commission	378,824	189,374
	50,796,845	**50,226,267**

26.00 Financial Income

Interest on FDR	108,266	232,869
Interest on SND	1,066	-
	109,332	**232,869**

27.00 Income From Others

Wastage Sales	99,475	190,450
Income From Tank Lorry	441,000	165,000
	540,475	**355,450**

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28.00	**Income Tax Expenses**	11,739,787	5,703,396
28.01	**Current Tax**		
	a. Income Tax on Revenue		
	Revenue during the year	472,815,454	402,419,127
	Effective Rate	0.3%	0.3%
		1,418,446	1,207,257
	b. Income Tax Provission on Other Income		
	Other Income including Financial Income	649,807	588,319
	Effective rate	35%	0.3%
		227,432	1,765
	Total Current Tax for the period	1,645,879	1,209,022
28.02	**Differed Tax**		
	Differed Tax during the Period	113,559,203	98,956,619
	Less: Opening Balance	(103,465,295)	(94,462,245)
		10,093,908	4,494,374
29.00	**Earning Per Shares (Basic)**		
	Total Comprehensive Income for this year	61,541,247	60,634,634
	Number of Ordinary shares outstanding at the end of the year	28,531,348	28,531,348
	Basic Earning Per Share (Basic)	2.16	2.13
30.00	**A) Net Assets Value per Share (NAV) with Revaluation**	**30.06.2016**	**31.12.2015**
	The Composition of Net Assets Value per share is given below :		
	Net Assets Value during the year	1,143,373,953	1,081,832,706
	Total Outstanding Share	28,531,348	28,531,348
		40.07	37.92
	B) Net Assets Value per Share (NAV)		
	The Composition of Net Assets Value per share is given below :		
	Net Assets Value during the year without Revaluation	838,576,274	774,150,770
	Total Outstanding Share	28,531,348	28,531,348
		29.39	27.13
31.00	**Net Operating Cash Flow per Share (NOCPS) Basic**	**30.06.2016**	**30.06.2016**
	The Composition of Net Operating Cash Flow per share is given below :	197,474,150	53,818,875
	Net Operating Cash Flow this year	28,531,348	28,531,348
	Total Outstanding Number of Share	6.92	1.89

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 (coy)/Taxes Zone-brref (BD) Limited for the assessment years 2013-2014 & 2015-2016 bearing Appeal No. 07 & 08/Circle-8(coy)/Taxes Zone-01/2015-2016 dated: 19.05.2016 which are pending in the Income Tax Appellate Tribunal.

Accounting Year	Assessment Year	Status	Provision Made on Accounts	Assessment Made by DCT	Excess/ (under) Provision (Contingent
31-Dec-12	2013-2014	Assessment Completed by DCT but appeal was made to tribunal for its decision.	1,684,567	2,354,339	(669,772)
31-Dec-13	2014-2015		1,591,315	10,303,295	(8,711,980)
			3,275,882	12,657,634	(9,381,752)

	30-Jun-16	31-Dec-15

33.00 Number of Employees

	30-Jun-16	31-Dec-15
Number of Employees whose salary is below Tk 5,500 Per Month	-	-
Number of Employees whose salary is above Tk 5,500 Per Month	158	161
	158	161

34.00 Capacity Utilization

Capacity of Production-Single Shift	30-Jun-16			30-Jun-15		
	Blanding Unit	Re- Refining Unit	Total	Blanding Unit	Re- Refining Unit	Total
Licensed Capacity - Metric	12,500	4,407	16,907	12,500	4,375	16,875
Installed Capacity - Metric	12,500	4,407	16,907	12,500	4,375	16,875
Capacity Utilized - Metric	4,760	3,855	8,615	3,750	2,873	6,623
Capacity Utilized for the	**38.08%**	**87.47%**	**50.96%**	**30.00%**	**65.67%**	**39.25%**

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

Sl No	Name of party	Types of Relationship	Nature of Transactions	Opening Balance as on 01.01.2016	Addition during the period	Adjustment during the period	Closing Balance as on 30.06.2016
1	Companygonj Agro Industries Limited	Common Directorship	Overhead Exp & Working Capital Management	86,593,667	329,676,867	(9,051,430)	407,219,104
2	Julda Shipyard Limited			3,865,435	141,303,149	-	145,168,584
3	Mohammad Yousuf	Managing Director	Remuneration fees & Board meeting fees	(282,500)	(1,720,000)	1,717,500	(285,000)
4	Rubaiya Nahar	Chairman		(131,500)	14,089,161	804,000	14,761,661
5	Salauddin Yousuf	Director		(154,500)	(944,800)	943,500	(155,800)
				89,890,602	482,404,377	(5,586,430)	566,708,549

37.00 Attendance Status of Board Meeting of Directors

During the year ended 30th June, 2016, there were 05 (five) 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 for each person	Amount Paid as on 30.06.2016	Amount Paid as on 30.06.2015
1	Mohammad Yousuf	Managing Director	5	5	4,000	20,000	16,000
2	Rubaiya Nahar	Chairman	5	5		20,000	16,000
3	Salauddin Yousuf	Director	5	5		20,000	16,000
						60,000	48,000

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-16	31-Dec-15
Managerial Remuneration paid or payable during the period to the directors, including managing directors, a managing agent or manager	3,525,000	3,513,000
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		

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As per BAS- 24:

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

(a) Short-term employee benefits	3,525,000	3,513,000
(b) Post-employee benefits		
(c) Other long term benefits		
(d) termination benefits and		
(e) share- based payment		
	3,495,000	**6,253,500**

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

Directors Remuneration	3,465,000	3,465,000
Board Meeting Attendance Fees	60,000	48,000
Wages & Allowance	4,975,532	4,474,760
Salary & Allowance	4,853,678	4,615,280
	13,426,868	**23,865,213**

ARTISAN Chartered Accountants Dhaka

LUB-RREF (BANGLADESH) LIMITED

B-6 (Part) 9-10 & 23-24,
BSCIC Industrial Estate, Block-A,
Custom Academy, Sagarika Road
Chittagong-4219

ARTISAN
CHARTERED ACCOUNTANTS

SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT
As at June 30, 2016

Annexure-A

Particulars	Cost					Rate %	Depreciation			Written Down Value as on 30.06.2016
	Balance as on 01.01.2016	Addition	Total	Transferred from CWP	Balance as on 30.06.2016		Balance as on 01.01.2016	Charge	Balance as on 30.06.2016	
Land & Land Development	490,894,710	119,836	491,014,546	-	491,014,546	-	-	-	-	491,014,546
Office Building	161,125,746	6,530,782	167,656,528	-	167,656,528	3%	19,273,205	1,819,550	21,092,755	146,563,773
Air Conditioner	3,298,208	2,564,890	5,863,098	-	5,863,098	10%	1,469,895	151,186	1,621,081	4,242,017
Computer & Computer Accessories	2,319,711	755,657	3,075,368	-	3,075,368	10%	1,261,297	64,963	1,326,260	1,749,108
Fire Extinguisher	807,830	1,022,000	1,829,830	-	1,829,830	10%	271,438	66,475	337,913	1,491,917
Furniture & Fixture	5,194,833	3,563,543	8,758,376	-	8,758,376	10%	2,085,236	209,611	2,294,847	6,463,529
Vehicles	28,436,601	2,134,600	30,571,201	-	30,571,201	20%	18,722,441	990,079	19,712,520	10,858,681
Office Equipment	5,508,394	67,425	5,575,819	-	5,575,819	10%	2,077,126	173,229	2,250,354	3,325,465
Plant & Machineries	513,208,781	1,177,710	514,386,491	150,250,833	664,637,324	10%	172,960,960	17,119,781	190,080,741	474,556,583
Electricity Installation	11,119,079	11,098	11,130,177	-	11,130,177	10%	5,630,952	274,834	5,905,786	5,224,391
Factory Building & Shed	150,320,925	50,014,700	200,335,625	-	200,335,625	3%	17,154,189	1,760,885	18,915,073	181,420,552
Factory Equipment	19,758,966	6,133,297	25,892,263	-	25,892,263	10%	7,896,523	619,924	8,516,448	17,375,815
Gas Installation	1,134,213		1,134,213	-	1,134,213	10%	453,807	34,020	487,827	646,386
Generator	29,906,536	-	29,906,536	-	29,906,536	10%	13,071,699	841,742	13,913,441	15,993,095
Weighing Scale	5,253,877	-	5,253,877	-	5,253,877	5%	1,443,580	95,257	1,538,837	3,715,040
Interior Decoration	6,464,560	5,015,675	11,480,235	-	11,480,235	15%	3,269,189	308,512	3,577,700	7,902,535
Kitchen Equipment	77,576	-	77,576	-	77,576	10%	38,313	1,963	40,276	37,300
Ware House, Dhaka	3,527,907	-	3,527,907	-	3,527,907	10%	1,210,512	115,870	1,326,382	2,201,525
Total	1,438,358,454	79,111,213	1,517,469,667	150,250,833	1,667,720,500		268,290,360	24,647,881	292,938,242	1,374,782,258

Asset owned by Revaluation

Particulars	Cost					Rate %	Depreciation			Written Down Value as on 30.06.2016
	Balance as on 01.01.2016	Addition	Total	Transferred from CWP	Balance as on 30.06.2016		Balance as on 01.01.2016	Charge	Balance as on 30.06.2016	
Land & Land Development	231,517,399	-	231,517,399		231,517,399	0%	-	-	-	231,517,399
Office Building	25,920,742	-	25,920,742		25,920,742	2.50%	1,281,548	307,990	1,589,538	24,331,204
Plant & Machineries	63,629,209	-	63,629,209		63,629,209	10.0%	12,103,866	2,576,267	14,680,133	48,949,076
Total	321,067,350	-	321,067,350		321,067,350		13,385,414	2,884,257	16,269,671	304,797,679

ARTISAN Chartered Accountants Dhaka