MISSION

EACH OF OUR ACTIVITIES MUST BENEFIT AND ADD VALUE TO THE COMMON WEALTH OF OUR SOCIETY. WE FIRMLY BELIEVE THAT, IN THE FINAL ANALYSIS WE ARE ACCOUNTABLE TO EACH OF THE CONSTITUENTS WITH WHOM WE INTERACT; NAMELY: OUR EMPLOYEES, OUR VALUED CUSTOMERS, OUR SUPPLIERS, OUR BUSINESS ASSOCIATES, OUR SHAREHOLDERS AND OUR FELLOW CITIZENS.
# Table of contents

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Notice of the twelfth Annual General Meeting</td>
</tr>
<tr>
<td>3</td>
<td>Corporate Information</td>
</tr>
<tr>
<td>4</td>
<td>Chairman’s Statement</td>
</tr>
<tr>
<td>8</td>
<td>Corporate Governance</td>
</tr>
<tr>
<td>10</td>
<td>Report of the Directors</td>
</tr>
<tr>
<td>13</td>
<td>Report of Auditors to the Shareholders</td>
</tr>
<tr>
<td>14</td>
<td>Balance Sheet</td>
</tr>
<tr>
<td>15</td>
<td>Profit and Loss Account</td>
</tr>
<tr>
<td>16</td>
<td>Statement of Changes in Equity</td>
</tr>
<tr>
<td>17</td>
<td>Cash Flow Statement</td>
</tr>
<tr>
<td>18</td>
<td>Notes to the Accounts</td>
</tr>
<tr>
<td><strong>Annexed</strong></td>
<td>Proxy Form and Attendance Slip</td>
</tr>
</tbody>
</table>
Notice

SHINEPUKUR CERAMICS LIMITED
17, DHANMONDI R.A, ROAD NO.2, DHAKA-1205

NOTICE OF THE TWELFTH ANNUAL GENERAL MEETING

Notice is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the Shareholders of Shinepukur Ceramics Limited will be held on Tuesday, the 16th June, 2009 at 12.30 p.m. at 1, Shahbag C/A, Dhaka to transact the following business:

AGENDA
1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st December, 2008 together with reports of the Auditors and the Directors thereon.
2. To retire and elect Mr. A S F Rahman and Mr. Salman F Rahman as Directors of the Company.
3. To confirm the appointment of Mr. Nazmul Hassan as Managing Director of the Company for a period of 5 years effective from 10th May, 2009.
4. To declare 10% cash and 20% Stock Dividend.
5. To appoint Auditors for the year 2009 and to fix their remuneration.
6. To transact any other business of the Company with the permission of the Chair.

By order of the Board,

Dated : 13th May, 2009
( MD. ASAD ULLAH, FCS )
Company Secretary

NOTES:
(1) The Record Date shall be on 25th May, 2009. The Shareholders whose names will appear in the Share Register of the Company or in the Depository Register on that date will be entitled to attend at the Annual General Meeting.
(2) A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
(3) Admission to the meeting room will be strictly on production of the attendance slip sent with the Notice as well as verification of signature of Member(s) and/or proxy-holder(s).
Corporate Information

BOARD OF DIRECTORS
A S F Rahman  Chairman
Salman F Rahman  Vice Chairman
Nazmul Hassan  Managing Director
Md. Asad Ullah  Company Secretary

MANAGEMENT COMMITTEE
Nazmul Hasan  Managing director
Md. Faruque Ali  General Manager
Mohammad Ashek Alam  General Manager
Md. Luthfor Rahman  General Manager

AUDITORS
National Plaza (6th Floor)
109, Bir Uttam C.R. Datta Road, Dhaka-1205

Legal Advisers
M/s. Huq & Co.
47/1, Purana Paltan, Dhaka-1000

Bankers
Sonali Bank
Local Office, Motijheel C/A, Dhaka-1000
Southeast Bank Ltd.
Dhanmondi Branch, Dhaka-1205

Registered Office
House No. 17, Road No. 2
Dhanmondi R/A, Dhaka-1205
চেয়ারম্যানের প্রতিবেদন
5

🕒 ಪ್ರಾಕೃತಿಕ ಸರಿಯಾದ ಸಾಮರ್ಥ್ಯವನ್ನು ಹೊಂದಿರುವ ಪ್ರಮುಖ ವೈವಿದ್ಯ ವಿಷಯದ ಪ್ರತಿಲಿಪಿ

2008 ಸಾಲದ ಪ್ರಮುಖ ವೈವಿದ್ಯ ವಿಷಯದ ಪ್ರತಿಲಿಪಿ

ನ೗ಡಿದ್ದರೆ ಅದರ ವಿಷಯವಾದರು ಜನಾಂದ್ರೋತ ಮತ್ತು ಅಲ್ಲಿತರ ವೈವಿದ್ಯ ಪ್ರತಿಲಿಪಿಯ ವಿಷಯವಾದರು.

Chairman’s Statement
Dear Shareholders,

I take this opportunity to welcome you all on behalf of the Board of Directors to this 12th Annual General Meeting of your company. I take this opportunity to lay before you a brief resume of the affairs of the company for the year 2008 and its future plan.

Performance

During the year, the Company attained net sales of Tk. 1,529.92 million as against Tk. 1,386.13 million of 2007. I am pleased to inform you that sales of Bone China and Porcelain Products – our core business, continued to grow in 2008 as well. During the year local sale of the products decreased by 9.57% but our export sales for the year grew by 15.27%. The overall sales increased by 10.37%.

Your company earned a pre-tax profit of Tk. 210.40 million as against Tk. 172.86 million of 2007. As you know, most of our raw materials are imported from European countries. In the early to mid of 2008 after several devaluation of taka against euro, these materials have become costlier. But due to our committed drive for containment of cost, we have succeeded in neutralizing the adverse effect of devaluation. Our gross profit increased by 9.60% and pre-tax profit by 21.71% over last year in absolute terms. This by any standard is an appreciable achievement.

Expansion Program

I feel proud to inform you all that the Management of Shinepukur Ceramics Ltd (SPCL) entered into an MOU with Mr. Konrad Schmiling, Managing Director of Ceramics Info Center, Germany for supply, erection and commissioning of SPCL’s Bone China expansion unit, having a capacity of 4.50 MT per day, an increase of 150% over present bone china production capacity. The expansion project will be completed by end of 2009 at an estimated cost of Taka 800.00 million. Once the expansion project is completed, additional export sales of Taka 1,100.00 million and additional net profit of Taka 200.00 million is expected.

Appointment of Chairman, Vice Chairman and Managing Director

The Board of Directors in their meeting held on 10th May 2009 appointed Mr. A S F Rahman and Mr. Salman F Rahman as Chairman and Vice Chairman respectively of the Company.

The Board also appointed Mr. Nazmul Hassan as Managing Director of the Company for a period of five years effective from 10th May, 2009, subject to the consent of Shareholders in this A G M.

Mr. Ahmed Shahryar Rahman and Mr. Ahmed Shayan F Rahman have resigned as Directors of the Company with effect from 10th May, 2009.

After re-constitution, the Board of the Company stood as follows:
1. Mr. A S F Rahman - Chairman
2. Mr. Salman F Rahman - Vice Chairman
3. Mr. Nazmul Hassan - Managing Director

Listing

The Company’s shares have been listed under Direct Listing Method with Dhaka and Chittagong Stock Exchanges w.e.f. 18th November 2008.

Dividend

Keeping in view the performance of the company, the Board of Directors proposes 10% cash dividend and 20% stock dividend (1 bonus share for each 5 shares held) for your approval.

Social Commitment

We believe in our responsibilities towards the society we operate in. All our activities are therefore directed to the well being of the society in general. As part of the social commitment, the company sponsors news supplements on important social occasions. We also provided active co-operation and support to different organizations and professional institutions in their socio-cultural development programs.

Acknowledgement

I take this opportunity to express my sincere thanks to our customers, bankers, suppliers, government agencies, regulatory bodies and everyone with whom the company interacted in conducting its business. We are grateful to you, the shareholders, for extending at all times, your invaluable support and cooperation to bring the Company to the level it has reached today. The success we have achieved so far was only possible because of the collective efforts of all concerned.

Once again, I convey my heartiest thanks to all our stakeholders and look forward to their continued support and cooperation in future.

A S F Rahman  
Chairman

Dated: 10 May, 2009
The maintenance of effective corporate governance remains a key priority of the Board of Shinepukur Ceramics Limited. Recognizing the importance of it, the board and other senior management remained committed to high standards of corporate governance. To exercise clarity about directors’ responsibilities towards the shareholders, corporate governance must be dynamic and remain focused to the business objectives of the Company and create a culture of openness and accountability. Keeping this in mind, clear structure and accountabilities supported by well understood policies and procedures to guide the activities of Company’s management, both in its day-to-day business and in the areas associated with internal control have been instituted.

**INTERNAL FINANCIAL CONTROL**

The directors are responsible for the Company’s system of internal financial control. Although no system of internal control can provide absolute assurance against material misstatement and loss, the Company’s system is designed to provide the directors with reasonable assurance that problems are timely identified and dealt with appropriately. Key procedures to provide effective internal financial control can be described in following heads:

- **Management structure** - The Company is operating through a well defined management structure headed by Managing Director (MD) under whom there are general managers for various departments and according to hierarchy, various senior and mid level management staffs. The MD, General Managers meet at regular intervals represented also by finance, marketing and personnel heads.

- **Budgeting** - There are comprehensive management reporting disciplines which involve the preparation of annual budgets by all operating departments. Executive management reviews the budgets and actual results are reported against the budget and revised forecasts are prepared at regular intervals.

- **Asset management** - The Company has sound asset management policy, which reasonably assures the safeguarding of assets against unauthorized use or disposition. The Company also follows proper records and policy regarding capital expenditures.

**Functional reporting** - In pursuance with keeping the reliability of financial information used within the business or for publication, the management has identified some key areas which are subject to monthly reporting to the chairman of the board. These include monthly treasury operations and financial statements. Other areas are also given emphasis by reviewing on a quarterly basis. These include information for strategy, environmental and insurance matters.

**STATEMENT OF DIRECTORS’ RESPONSIBILITIES FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS**

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements. The Companies Act, 1994 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit for the year to that date. In preparing those financial statements, the directors:

- select suitable accounting policies and then apply them in a consistent manner;
- make reasonable and prudent judgments and estimates where necessary;
- state whether all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the notes to the financial statements;
- take such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- ensure that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company;
- ensure that the financial statements comply with disclosure requirements of the Companies Act, 1994 and the Securities and Exchange Rules, 1987; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.
BOARD

The board - The board is responsible to the shareholders for the strategic development of the company, the management of the Company’s assets in a way that maximizes performance and the control of the operation of the business.

The board of directors is responsible for approving Company policy and is responsible to shareholders for the Company’s financial and operational performance. Responsibility for the development and implementation of Company policy and strategy, day-to-day operational issues is delegated by the board to the management of the Company.

Board structure and procedure - The membership of the board during the year end as on 31-12-2008 stood at three directors. All directors are equally accountable as per law to the shareholders for the proper conduct of the business.

The Company’s board currently comprises the Chairman, Vice-Chairman and other one director. The name of the directors appears on page 3. The quorum for the board is at least three directors present in person.

GOING CONCERN

After making enquiries, the directors, at the time of approving the financial statements, have determined that there is reasonable expectation that the Company have adequate resources to continue operation for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing the financial statements.

RIGHTS AND RELATIONS WITH SHAREHOLDERS

Control rights of shareholders - At annual general meeting, shareholders have rights of participation. They have the right to ask questions on and request from information from the board regarding item on the agenda to the extent necessary to make an informed judgment of the Company’s affairs.

Relations with shareholders - The annual general meeting are used as an important opportunity for communication with both institutional and general shareholders. In addition, the Company maintains relations with its shareholders through the corporate affairs secretarial department.

The following information can be addressed through the secretarial department:

- Dividend payment enquires;
- Dividend mandate instruction;
- Loss of dividend warrants;
- Notification of change of address; and

The board believes that it is important to respond adequately to all the queries of both institutional and general shareholders. At the AGM, the shareholders are offered an opportunity to raise with the board any specific question they have concerning the Company. In addition, meetings are also held between individual directors and institutional shareholders at various times during the year.
Directors’ Report to the Shareholders
for the year ended 31st December 2008

Dear Shareholders,

The Directors have pleasure in submitting hereunder their report together with the Audited Accounts for the year ended on 31st December, 2008 and Auditors’ Report thereon.

WORKING RESULTS
The Directors are pleased to report that the working results of the company for the year 2008 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the year</th>
<th>For the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>Net profit before tax</td>
<td>210.40</td>
<td>172.86</td>
</tr>
<tr>
<td>Less: Provision for income tax</td>
<td>30.48</td>
<td>42.63</td>
</tr>
<tr>
<td>Net profit after tax</td>
<td>179.92</td>
<td>130.23</td>
</tr>
<tr>
<td>Add: Balance brought forward from previous year</td>
<td>141.92</td>
<td>150.42</td>
</tr>
<tr>
<td>Profit available for appropriation</td>
<td>321.84</td>
<td>280.65</td>
</tr>
</tbody>
</table>

APPROPRIATION RECOMMENDED
Cash Dividend at 10% 70.02 99.09
Stock Dividend (Bonus Share) at 20% 140.04 39.64
Balance carried forward 111.78 141.92
321.84 280.65

DIVIDEND
The Directors have recommended a cash dividend @ 10% and stock dividend (Bonus share) @ 20% per share of Tk. 10 each subject to approval of the shareholders in the AGM.

BOARD MEETING AND ATTENDANCE
During the year 8 (eight) Board Meetings were held. The attendance record of the Directors is as follows:

<table>
<thead>
<tr>
<th>Name of Directors</th>
<th>Meeting attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Nazmul Hassan</td>
<td>8</td>
</tr>
<tr>
<td>Mr. Ahmed Shahryar Rahman</td>
<td>8</td>
</tr>
<tr>
<td>Mr. Ahmed Shayan F Rahman</td>
<td>8</td>
</tr>
<tr>
<td>Mr. O K Chowdhury [Resigned as Director on 07-05-08]</td>
<td>2</td>
</tr>
</tbody>
</table>

The Company was converted from Private Limited Company to Public Limited Company on 07-05-2008.

AUDIT COMMITTEE
The Company has an Audit Committee, which met once in 2008 to consider its half yearly report for the half year to 30th June 2008.

CORPORATE AND FINANCIAL REPORTING
The Directors are pleased to confirm the following:

(a) The financial statements together with the notes thereon have drawn up conformity with the Companies Act 1994 and Securities and Exchanges Rules 1987. These statements presents fairly the Company’s statement of affairs, the result of its operation, cash flow and statement of changes in equity.
(b) Proper books of accounts of the company have been maintained.
(c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and judgement.
(d) The International Accounting Standards, as applicable in Bangladesh, have been followed in preparation of the financial statements.
(e) Internal Control System is sound in design and has been effectively implemented and monitored.
(f) No significant doubts about the ability of the Company to continue as a going concern.
(g) There is no significant deviations in operating result compared to last year.
(h) The Pattern of shareholding is as followings:
(i) Parent/Subsidiary/Associated Companies and other related Parties:

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh Export Import Co. Ltd.</td>
<td>53,480,593</td>
</tr>
</tbody>
</table>

As on 31-12-2008

(ii) Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and Their spouse and Minor children:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. A S F Rahman, Shareholder</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Salman F Rahman, Shareholder</td>
<td>1</td>
</tr>
<tr>
<td>Mr. O K Chowdhury, CEO</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Nazmul Hassan, Chairman</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Ahmed Shahryar Rahman, Director</td>
<td>1</td>
</tr>
<tr>
<td>Mr. Ahmed Shayan F Rahman, Director</td>
<td>1</td>
</tr>
</tbody>
</table>

(iii) Executive: Nil
(iv) Shareholders holding 10% or more Voting interest in the company: Nil

CORPORATE GOVERNANCE COMPLIANCE STATUS REPORT
In accordance with the requirement of the Securities and Exchange Commission “Corporate Governance Compliance Status Report” is annexed.
AUDITORS

The Directors hereby report that the existing Auditors M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (6th floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 who was appointed as Auditors of the Company in Eleventh Annual General Meeting carried out the audit for the year ended on 31 December, 2008.

M/s. M. J. Abedin & Co., Chartered Accountants, National Plaza (6th floor), 109, Bir Uttam C R Datta Road, Dhaka-1205 the Auditors of the company retire at this meeting and have expressed their willingness to continue in the office for the year 2009.

On behalf of the Board of Directors

Nazmul Hassan
Chairman
Dated: 30 April, 2009

Note: When the Directors’ Report was approved, Mr. Nazmul Hassan was the Chairman and authorised by the Board to sign it, subsequently Mr. A S F Rahman appointed on 10th May 2009 as Chairman of the Company and signed the Chairman’s Statement at page 5 and 7.
## Corporate Governance Compliance Status Report

**ANNEXURE**

Status of compliance with the conditions imposed by the Commission’s Notification No. SEC/CMRCD/2006/158/Admin/02-08 dated 20th February 2006 issued under section 2CC of the Securities and Exchange Ordinance, 1969. (Report under Condition No. 5.00)

<table>
<thead>
<tr>
<th>Condition No</th>
<th>Title</th>
<th>Compliance status (Put(✓) in the appropriate column)</th>
<th>Explanation for non-compliance with the condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Board Size</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Independent Director</td>
<td>√</td>
<td>To be appointed in 2009</td>
</tr>
<tr>
<td>1.3</td>
<td>Chairman &amp; Chief Executive</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(a)</td>
<td>Directors Report on Financial Statements</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(b)</td>
<td>Books of Accounts</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(c)</td>
<td>Accounting Policies</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(d)</td>
<td>IAS applicable in Bangladesh</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(e)</td>
<td>System of Internal Control</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(f)</td>
<td>Going Concern</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(g)</td>
<td>Deviation in Operating Results</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(h)</td>
<td>Key Operating &amp; Financial Data</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(i)</td>
<td>Declaration of Dividend</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(j)</td>
<td>No. of Board Meetings</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>1.4(k)</td>
<td>Pattern of Shareholdings</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>CFO, HIA &amp; Company Secretary Appointment</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>2.2</td>
<td>Board Meeting Attendance</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>3.00</td>
<td>Audit Committee</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>4.00</td>
<td>External/ Statutory Auditors</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>5.00</td>
<td>Reporting the Compliance in the Directors’ report</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>
Financials
AUDITORS’ REPORT

TO THE SHAREHOLDERS OF SHINEPUKUR CERAMICS LIMITED

We have audited the accompanying Balance Sheet of Shinepukur Ceramics Limited as of December 31, 2008 and the related Profit and Loss Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs), give a true and fair view of the state of the company’s affairs as of December 31, 2008 and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

We also report that:

(a) We have obtained all the information and explanations 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 company so far as it appeared from our examination of those books;

(c) the company’s balance sheet and profit and loss account dealt with by the report are in agreement with the books of account; and

(d) the expenditure incurred was for the purposes of the company’s business.

Dhaka,
30 April 2009

M.J.ABEDIN & CO.
Chartered Accountants
# Balance Sheet

**As at 31 December 2008**

<table>
<thead>
<tr>
<th>NET ASSETS:</th>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td>3,256,104,293</td>
<td>1,795,324,187</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>21</td>
<td>2,993,818,409</td>
<td>1,792,824,187</td>
</tr>
<tr>
<td>Investment in Shares</td>
<td>22</td>
<td>2,500,000</td>
<td>2,500,000</td>
</tr>
<tr>
<td>LongTerm Loan</td>
<td>23</td>
<td>259,785,884</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td>1,193,107,130</td>
<td>1,263,361,276</td>
</tr>
<tr>
<td>Inventories</td>
<td>24</td>
<td>855,108,197</td>
<td>845,990,031</td>
</tr>
<tr>
<td>Trade Debtors</td>
<td>25</td>
<td>247,899,640</td>
<td>294,189,238</td>
</tr>
<tr>
<td>Advances and Deposits</td>
<td>26</td>
<td>83,247,316</td>
<td>116,977,600</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>27</td>
<td>6,851,977</td>
<td>6,204,407</td>
</tr>
<tr>
<td><strong>Current Liabilities and Provisions</strong></td>
<td></td>
<td>1,340,348,231</td>
<td>1,142,008,842</td>
</tr>
<tr>
<td>Short Term Loan from Banks (Secured)</td>
<td>28</td>
<td>866,144,105</td>
<td>694,844,316</td>
</tr>
<tr>
<td>Long Term Loan - Current Maturity (Secured)</td>
<td>29</td>
<td>315,339,151</td>
<td>207,040,261</td>
</tr>
<tr>
<td>Creditors, Accruals and other Payables</td>
<td>30</td>
<td>97,671,671</td>
<td>77,127,125</td>
</tr>
<tr>
<td>Dividend Payable</td>
<td></td>
<td>-</td>
<td>99,090,000</td>
</tr>
<tr>
<td>Income Tax Payable</td>
<td>31</td>
<td>61,193,304</td>
<td>63,907,140</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td></td>
<td>(147,241,101)</td>
<td>121,352,435</td>
</tr>
</tbody>
</table>

| FINANCED BY:                     |       | Tk. 3,108,863,192 | Tk. 1,916,676,622 |
| Shareholders’ Equity             |       | 2,376,363,149     | 1,034,628,881   |
| Share Capital                    | 32    | 700,236,000       | 660,600,000     |
| Fixed Assets Revaluation Surplus | 33    | 1,354,284,953     | 192,466,272     |
| Retained Earnings - As per Statement of Changes in Equity | 34    | 321,842,196       | 181,562,609     |
| **Non-Current Liabilities**      |       | 732,500,043       | 882,047,741     |
| Long Term Loan (Net-off Current Maturity) | 34    | 721,470,301       | 876,947,130     |
| Deferred Tax Liability           | 35    | 11,029,742        | 5,100,611       |

| Tk. Tk. 3,108,863,192 | Tk. 1,916,676,622 |

The notes are an integral part of the financial statements.

Approved and authorized for issue by the Board of Directors on 30 April 2009 and signed for and on behalf of the board:

Nazmul Hassan
Chairman

Shayan F. Rahman
Director

O K Chowdhury
CEO

Per our report of even date.

M. J. Abedin & Co.
Chartered Accountants
## PROFIT AND LOSS ACCOUNT

For the Year ended 31 December 2008

<table>
<thead>
<tr>
<th>Notes</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tk.</td>
<td>Tk.</td>
</tr>
<tr>
<td>Revenue (Turnover) from net sales</td>
<td>1,529,918,239</td>
<td>1,386,130,532</td>
</tr>
<tr>
<td>Cost of Goods Sold</td>
<td>1,030,525,596</td>
<td>930,468,259</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td><strong>499,392,643</strong></td>
<td><strong>455,662,273</strong></td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>39,538,087</td>
<td>28,746,811</td>
</tr>
<tr>
<td>Selling &amp; Distribution Expenses</td>
<td>51,099,692</td>
<td>51,307,279</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td><strong>408,754,864</strong></td>
<td><strong>375,608,183</strong></td>
</tr>
<tr>
<td>Financial Expenses</td>
<td>(188,309,477)</td>
<td>(203,162,044)</td>
</tr>
<tr>
<td>Other Income</td>
<td>471,606</td>
<td>416,739</td>
</tr>
<tr>
<td><strong>Net Profit Before Cont. to WPWF</strong></td>
<td><strong>220,916,993</strong></td>
<td><strong>172,862,878</strong></td>
</tr>
<tr>
<td>Contribution to Workers' Participation/Welfare Fund</td>
<td>10,519,857</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Profit Before Tax</strong></td>
<td><strong>210,397,136</strong></td>
<td><strong>172,862,878</strong></td>
</tr>
<tr>
<td>Income Tax Expenses</td>
<td>30,481,549</td>
<td>42,631,554</td>
</tr>
<tr>
<td><strong>Net Profit After Tax Transferred to Statement of Changes in Equity</strong></td>
<td>Tk. 179,915,587</td>
<td>Tk. 130,231,324</td>
</tr>
<tr>
<td><strong>EPS (Face Value per Share is Tk. 10.00 ) (Adjusted EPS of 2007)</strong></td>
<td>Tk. 2.57</td>
<td>Tk. 1.86</td>
</tr>
</tbody>
</table>

The notes are an integral part of the financial statements.

Approved and authorized for issue by the Board of Directors on 30 April 2009 and signed for and on behalf of the board:

Nazmul Hassan  
Chairman

Shayan F. Rahman  
Director

O K Chowdhury  
CEO

Per our report of even date.

M. J. Abedin & Co.  
Chartered Accountants

Dhaka,  
30 April 2009
SHINEPUKUR CERAMICS LTD.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2008

<table>
<thead>
<tr>
<th></th>
<th>Share Capital</th>
<th>Retained Earning</th>
<th>Revaluation Reserve</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December 2007</td>
<td>660,600,000</td>
<td>181,562,609</td>
<td>192,466,272</td>
<td>1,034,628,881</td>
</tr>
<tr>
<td>Net Profit after tax for the year</td>
<td>-</td>
<td>179,915,587</td>
<td>-</td>
<td>179,915,587</td>
</tr>
<tr>
<td>Issue of Bonus Shares for 2007</td>
<td>39,636,000</td>
<td>(39,636,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revaluation Surplus</td>
<td>-</td>
<td>-</td>
<td>1,161,818,681</td>
<td>1,161,818,681</td>
</tr>
<tr>
<td>At 31 December 2008</td>
<td>Tk. 700,236,000</td>
<td>321,842,196</td>
<td>1,354,284,953</td>
<td>2,376,363,149</td>
</tr>
</tbody>
</table>

Approved and authorised for issue by the Board of Directors on 30 April 2009 and signed for and on behalf of the board:

Nazmul Hassan  
Chairman

Shayan F. Rahman  
Director

O K Chowdhury  
CEO

Dhaka, 30 April 2009

Per our report of even date.
# Statement of Cash Flows

For the year ended 31 December 2008

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collections from turnover and other income</td>
<td>1,576,679,443</td>
<td>1,386,501,662</td>
</tr>
<tr>
<td>Payments for costs and expenses</td>
<td>(980,747,699)</td>
<td>(914,178,306)</td>
</tr>
<tr>
<td>Interest Paid</td>
<td>(181,009,112)</td>
<td>(201,024,930)</td>
</tr>
<tr>
<td>Income-Tax paid and /or deducted at sources</td>
<td>(25,910,018)</td>
<td>(22,858,241)</td>
</tr>
<tr>
<td><strong>Net cash Generated from operating activities</strong></td>
<td><strong>389,012,614</strong></td>
<td><strong>248,440,185</strong></td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, Plant and Equipment acquired</td>
<td>(29,690,412)</td>
<td>(38,620,651)</td>
</tr>
<tr>
<td>Long Term Loan Paid to a Related Party</td>
<td>(259,785,884)</td>
<td>-</td>
</tr>
<tr>
<td>Disposal of Transport &amp; Vehicle</td>
<td>-</td>
<td>350,000</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(289,476,296)</strong></td>
<td><strong>(38,270,651)</strong></td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Loan decreased</td>
<td>(171,098,537)</td>
<td>(177,631,411)</td>
</tr>
<tr>
<td>Short Term Loan from banks increased</td>
<td>171,299,789</td>
<td>9,820,059</td>
</tr>
<tr>
<td>Dividend Paid</td>
<td>(99,090,000)</td>
<td>(49,545,000)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td><strong>(98,888,748)</strong></td>
<td><strong>(217,356,352)</strong></td>
</tr>
<tr>
<td><strong>Increase/(Decrease) in Cash and Cash Equivalents</strong></td>
<td><strong>647,570</strong></td>
<td><strong>(7,186,818)</strong></td>
</tr>
<tr>
<td>Cash and Cash Equivalents at the beginning of the year</td>
<td>6,204,407</td>
<td>13,391,225</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at the end of the year</strong></td>
<td><strong>Tk. 6,851,977</strong></td>
<td><strong>6,204,407</strong></td>
</tr>
</tbody>
</table>

Approved and authorised for issue by the Board of Directors on 30 April 2009 and signed for and on behalf of the board:

---

Nazmul Hassan  
Chairman  
Mrs. S. F. Rahman  
Director  
O K Chowdhury  
CEO  

Per our report of even date.

Dhaka,  
30 April 2009  
M. J. Abedin & Co.  
Chartered Accountants
1. **Background Information and Principal Activities**

Shinepukur Ceramics Limited (SCL / the company) was incorporated in Bangladesh on 26 January 1997 under the Companies Act, 1994 as a Private Limited Company and commenced its manufacturing operation in 1999. The Company was converted into a Public Limited Company on 7 May 2008. The Shares of the Company have been listed in the Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 18 November 2008 under the DSE and CSE Direct Listing Regulations 2006.

The Company is a Subsidiary Company of Bangladesh Export Import Company Limited (the Parent), a listed Company under the Beximco Group.

The registered office of the company is located at House No.17, Road No.2, Dhanmondi R/A, Dhaka. The industrial units are located at Sarabo of Gazipur.

The company operates in a single industry segment. It is engaged in manufacturing and marketing of high quality Porcelain and high value added Bone China Tableware, which it sells in the local as well as international markets.

2. **Accounting Basis**

The financial statements have been prepared on the Historical Cost basis, except lands, buildings and plant & machinery re-stated at current cost.

Accordingly, historical cost is employed to determine the monetary amounts at which the elements of the financial statements are to be recognized and carried in the balance sheet and income statement.

Under the Historical Cost, assets are recorded at the amount of cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances (for example, income taxes), at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

3. **Compliance with Local Laws and Regulations**

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, the Securities and Exchange Rules 1987, the Listing Regulations of Dhaka and Chittagong Stock Exchanges and other relevant local laws and regulations as applicable.

4. **Compliance of Bangladesh Financial Reporting Standards**

The financial statements have been prepared in accordance with the applicable Bangladesh Financial Reporting Standards (BFRSs) including Bangladesh Accounting Standards (BASs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

5. **Presentation of Financial Statements**

This is in accordance with the guidelines provided by BAS 1: Presentation of Financial Statements.

6. **Reporting Period**

This covers from 1st January 2008 to 31 December 2008 in consistent with earlier years.

7. **Approval of Financial Statements**

These financial statements were approved by the Board of Directors on 30 April 2009.

8. **Reporting Currency**

The financial statements are prepared and presented in Bangladesh Currency (Taka), which is the company's functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

9. **Comparative Information**

Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year’s financial statements.

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current year without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.
NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

10. Risk and Uncertainty for use of Estimates and Judgements
The preparation of financial statement in conformity with BFRSs / BASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure requirements for contingent assets and liabilities during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected as required by BAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

In accordance with the guidelines as prescribed by BAS 37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

a. when the company has an obligation (legal or constructive) as a result of past events;
b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
c. reliable estimates can be made of the amount of the obligation.

12. Accrued Expenses and Other Payables
Liabilities are recognized for the goods and services received, whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

13. Going Concern
The company has adequate resources to continue in operation for the foreseeable future. For this reasons the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the company provides sufficient fund to meet the present requirements of its existing business.

14. Financial Instruments
Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

15. Impairment
In accordance with the provisions of BAS 36: Impairment of Assets, the carrying amount of 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 and impairment losses are recognized in profit and loss account. No such indication of impairment has been raised till to date.

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

17. Statement of Cash Flows
The Statement of Cash Flows has been prepared in accordance with the requirements of BAS 7: Statement of Cash Flows. The cash generated from operating activities has been reported using the Direct Method as prescribed by the Securities and Exchange Rules, 1987 and as encouraged by BAS 7 whereby major classes of gross cash receipts and gross cash payments from operating activities are disclosed.

18. Related Party Disclosures
Information in respect any transactions with related parties has been disclosed in a separate note as required by BAS 24: Related Party Disclosures.

19. Events After The Reporting Period
In compliance with the requirements of BAS 10: Events After the Reporting Period, post balance sheet events that provide additional information about the company's position at the balance sheet date are reflected in the financial statements and events after the balance sheet date that are not adjusting events are disclosed in the notes when material.
20. **Significant Accounting Policies**

The accounting policies used in preparation of these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2007.

20.1 **Revenue Recognition**

In compliance with the requirements of BAS 18: Revenue, revenue from receipts from customers against sales is recognized when products are dispatched to customers, that is, when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Receipts from customers comprise sales price against domestic sales including value added tax paid to the Government of Bangladesh and export sales. However, VAT included in sales is not considered as revenue as it is collected on behalf of customers.

20.2 **Property, Plant and Equipment**

20.2.1 **Recognition and Measurement**

Property, plant and equipment (including assets acquired under finance lease) are capitalized at cost of acquisition and subsequently stated at cost revalued amount less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The Cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

20.2.2 **Pre-Operating Expenses and Borrowing Costs**

In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalized. Expenses capitalized also include applicable borrowing cost considering the requirement of BAS 23: Borrowing Costs.

20.2.3 **Subsequent Expenditure**

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, it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance is normally charged off as revenue expenditure in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the fixed assets, the expenditure is capitalized as an additional cost of the assets. All other costs are recognized to the profit and loss account as expenses if incurred. All up-gradation/enhancement are generally charged off as revenue expenditure unless they bring similar significant additional benefits.

20.2.4 **Software**

Software are generally charged off as revenue expenditure. Purchase software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

20.2.5 **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.

20.2.6 **Depreciation on Fixed Assets**

Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Depreciation is provided for the period in use of the assets. Depreciation is calculated on the cost of fixed assets in order to write off such amounts over the estimated useful lives of such assets. Depreciation is provided on all fixed assets except Land & Land Development at the following rates on reducing balance basis over the periods appropriate to the estimated useful lives of the different types of assets:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and Other Construction</td>
<td>5%</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>7.5%</td>
</tr>
<tr>
<td>Furniture &amp; Fixture</td>
<td>20%</td>
</tr>
<tr>
<td>Transport &amp; Vehicle</td>
<td>20%</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>20%</td>
</tr>
</tbody>
</table>
NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

20.3 Borrowing Costs
This has been dealt with the requirements of BAS 23: Borrowing Costs.

Borrowing costs relating to projects in commercial operation are recognized as expenses in the year in which they are incurred. In respect of projects that have not yet commenced commercial production, borrowing costs are debited to capital work in progress.

20.4 Inventories
Inventories are carried at the lower of cost and net realizable value as prescribed by BAS 2: Inventories. Cost is determined on weighted average cost basis. The cost of inventories comprises of expenditure incurred in the normal course of business in bringing the inventories to their present location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

20.5 Trade Debtors
Trade Debtors are recognized at cost, which is the fair value of the consideration given for them.

20.6 Advances and Deposits
Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or charges to other account heads.

Deposits are measured at payment value.

20.7 Cash and Cash Equivalents
Cash and Cash equivalents are carried in the balance sheet at cost and include cash in hand and with banks on current and deposit accounts, which are held and available for use by the company without any restriction. There is insignificant risk of change in value of the same.

20.8 Leases
In compliance with the BAS: 17 Leases, cost of assets acquired under finance lease along with obligation there against have accounted for as assets and liabilities respectively of the company, and the interest element has been charged as expenses.

20.9 Income Tax Expenses

Current Tax
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or subsequently enacted after the reporting date, and any adjustment to tax payable in respect of prior years.

Provision for taxation for the year ended 31 December 2008 has been made on the basis of the provisions of the Income Tax ordinance 1984 and the Finance Ordinance 2008. Currently the tax rate applicable for listed companies is 27.50 % and there is a 50% exemption of income tax on profit relating to export sales.

Deferred Tax
The company has recognized deferred tax using balance sheet method in compliance with the provisions of BAS 12: Income Taxes. The company’s policy of recognition of deferred tax assets/ liabilities is based on temporary differences (taxable or deductible) between the carrying amount (Book value) of assets and liabilities for financial reporting purpose and its tax base, and accordingly, deferred tax income/expenses has been considered to determine net profit after tax and earnings per shares (EPS).

The tax base of assets is the amount that will be deductible for tax purposes against any taxable economic benefits that will flow to an entity (the company / SCL) when it recovers the carrying amount of the assets. The tax base of liabilities is their carrying amount, less any amount that will be deductible for tax purposes in respect of the liabilities in future periods. In 2008, deferred tax liability is arrived at by applying the corporate tax rate applicable for listed companies (27.50%) on the temporary taxable differences. Exemption of 50 % income tax on profit relating to export is considered for deferred tax purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and / are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The deferred tax asset/income or liability/expense does not create a legal obligation to, or recoverability from, the income tax authority.
NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

20.10 Employee Benefits
The company has accounted for and disclosed of employee benefits in compliance with the provisions of BAS 19: Employee Benefits.

The costs of employee benefits are charged off revenue expenditure in the period to which the contributions relate.
The company’s employee benefits includes the following:

(a) Defined Contribution Plan
This represents recognized contributory provident fund for all its permanent employees. Assets of provident fund are held in a separate trustee administered fund as per relevant rules and is funded by contribution from both the employees and the company at predetermined rates.

(b) Group Insurance Scheme

(c) Contribution to Workers’ Participation/Welfare Funds
This represents 5% of net profit before tax contributed by the Company as per provisions of Bangladesh Labor Law, 2006 and is payable to workers as defined in the said law.

20.11 Earnings Per Share
This has been calculated in compliance with the requirements of BAS 33:Earnings Per Share by dividing the basic earnings by the weighted average number of ordinary shares outstanding during the year.

Basic Earnings
This represents earnings for the period attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

Weighted Average Number of Ordinary Shares Outstanding during the year

Current Year (2008)
The Bonus Shares issued during the year 2008 were treated as if they always had been in issue. Hence, in computing the basic EPS of 2008, the total number of shares including the said bonus shares has been considered as the Weighted Average number of Shares outstanding during the year 2008.

Earlier Year (2007)
The number of shares outstanding before the bonus issue has been adjusted for the proportionate change in the number of shares outstanding as if the bonus issue had occurred at the beginning of the earliest period reported (2007), and accordingly, in calculating the adjusted EPS of 2007, the total number of shares including the subsequent bonus issue in 2008 has been considered as the Weighted Average Number of Shares outstanding during the year 2007.

The basis of computation of number of shares as stated above is in line with the provisions of BAS 33: “Earnings Per Share”. The logic behind this basis, as stated in the said BAS is, that the bonus shares are issued to the existing shareholders without any consideration, and therefore, the number of shares outstanding is increased without an increase in resource generating new earnings.

Diluted Earnings Per Share
No diluted EPS is required to be calculated for the year, as there was no scope for dilution during the year under review.

20.12 Foreign Currency Transactions
The Financial records of the company are maintained and the financial statements are stated in Bangladesh Taka. Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction date.

The monetary assets and liabilities, if any, denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchanges ruling at that date. Exchange differences are charged off as revenue expenditure in compliance with the provisions of BAS 21: The Effects of Changes in Foreign Exchange Rates. However, as a requirement of the companies Act 1994, exchange loss relating to foreign currency loan has been capitalized to relevant fixed assets being procured under the said obligation.

20.13 Proposed Dividend
The amount of proposed dividend has not been accounted for but disclosed in the notes to the accounts alongwith dividend per share in accordance with the requirements of the Para 125 of Bangladesh Accounting Standard (BAS) 1 (Revised 2008): Presentation of Financial
21. PROPERTY, PLANT AND EQUIPMENT- Tk. 2,993,818,409

<table>
<thead>
<tr>
<th>PARTICULARS</th>
<th>LAND &amp; LAND DEVELOPMENT</th>
<th>BUILDING &amp; OTHER CONSTRUCTION</th>
<th>PLANT &amp; MACHINERY</th>
<th>OFFICE &amp; EQUIPMENT</th>
<th>FURNITURE &amp; FIXTURE</th>
<th>TRANSPORT &amp; VEHICLE</th>
<th>TOTAL (Amount in Tk.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost or Valuation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 December 2007</td>
<td>355,745,392</td>
<td>470,874,970</td>
<td>1,866,765,634</td>
<td>45,889,680</td>
<td>20,845,957</td>
<td>12,367,054</td>
<td>2,772,488,687</td>
</tr>
<tr>
<td>Exchange Loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>123,920,598</td>
</tr>
<tr>
<td>Addition in 2008</td>
<td>-</td>
<td>2,953,051</td>
<td>22,935,117</td>
<td>1,185,130</td>
<td>36,624</td>
<td>2,580,490</td>
<td>29,690,412</td>
</tr>
<tr>
<td>At 31 December 2008</td>
<td>355,745,392</td>
<td>473,828,021</td>
<td>2,013,621,349</td>
<td>47,074,810</td>
<td>20,882,581</td>
<td>14,947,544</td>
<td>2,926,099,697</td>
</tr>
</tbody>
</table>

Depreciation

<table>
<thead>
<tr>
<th>At 31 December 2007</th>
<th>-</th>
<th>146,044,230</th>
<th>777,341,958</th>
<th>33,748,478</th>
<th>16,711,233</th>
<th>5,818,601</th>
<th>979,664,500</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 December 2008</td>
<td>-</td>
<td>162,433,420</td>
<td>870,062,912</td>
<td>36,413,744</td>
<td>17,545,503</td>
<td>7,644,390</td>
<td>1,094,099,969</td>
</tr>
</tbody>
</table>

Carrying Amount 31 December 2008

<table>
<thead>
<tr>
<th>Tk.</th>
<th>355,745,392</th>
<th>311,394,601</th>
<th>1,143,558,437</th>
<th>10,661,066</th>
<th>3,337,078</th>
<th>7,303,154</th>
<th>1,831,999,728</th>
</tr>
</thead>
</table>

Revaluation Surplus

<table>
<thead>
<tr>
<th>Tk.</th>
<th>376,892,108</th>
<th>351,072,849</th>
<th>433,853,724</th>
<th>1,161,818,681</th>
</tr>
</thead>
</table>

Carrying Amount on CCA 31 December 2008

<table>
<thead>
<tr>
<th>Tk.</th>
<th>732,637,500</th>
<th>662,467,450</th>
<th>1,577,412,161</th>
<th>10,661,066</th>
<th>3,337,078</th>
<th>7,303,154</th>
<th>2,993,818,409</th>
</tr>
</thead>
</table>

22. INVESTMENT IN SHARES: TK. 2,500,000

This consists of Investment in Shares of listed Companies as follows:

(a) In 3,655 Shares of Beximco Synthetics Ltd. (Average cost price per share is Tk.324.40 against face value of Tk.100.00) [Market value as on 31.12.08 Tk. 164.50]

(b) In 65,716 Shares of Bextex Ltd. (Average cost price per Share is Tk.20.00 against face value of Tk.10.00) [Market value as on 31.12.08 Tk. 23.90]

The aggregate market value of investment at the closing of the year in Dhaka Stock Exchange was Tk. 2,117,246.00
23. **Long Term Loan: Tk. 259,785,884**
   The loan was given to Bextex Ltd., a related company.
   This is unsecured, repayable after 31.12.2009 as mutually agreed and bears interest @ 15% p.a.

24. **INVENTORIES: Tk. 855,108,197**

   This represents as follows:
   - Stores & Spares: Tk. 104,205,443 (2008), Tk. 120,475,223 (2007)

   **Total:** Tk. 855,108,197 (2008), Tk. 845,990,031 (2007)

25. **TRADE DEBTORS: Tk. 247,899,640**

   This is considered good and is falling due within one year.
   No amount was due by the directors (including Managing Director), managing agent, managers and other officers of the company and any of them severally or jointly with any other person.
   No amount was due by any associated undertaking.

26. **ADVANCES AND DEPOSITS: Tk. 83,247,316**

   This is considered good and consists of as follows:
   - Advances: Tk. 62,824,973 (2008), Tk. 92,878,993 (2007)
   - Deposits: Tk. 20,422,343 (2008), Tk. 24,098,607 (2007)

   **Total:** Tk. 83,247,316 (2008), Tk. 116,977,600 (2007)

   The break-up of advances is as follows:
   - Trade Fair: Tk. 5,088,775 (2008), Tk. 6,167,361 (2007)
   - Employees (other than officers): Tk. 474,198 (2008), Tk. 553,698 (2007)
   - Factory Expenses: - (2008), Tk. 5,050 (2007)
   - Advance Travel: Tk. 245,000 (2008), Tk. 552,637 (2007)
   - Show Room: Tk. 612,500 (2008), Tk. 912,500 (2007)

   **Total:** Tk. 62,824,973 (2008), Tk. 92,878,993 (2007)

   No amount was due by the Directors (including Managing Director), Managing Agent, Managers and other Officers of the Company and any of them severally or jointly with any other person.
   No amount was due by any associated undertaking.

   Advances to employees (other than officers) are realisable from monthly salary in installments.

   The break-up of deposits is as follows:
   - Earnest Money Deposit: - (2008), Tk. 20,000 (2007)

   **Total:** Tk. 20,422,343 (2008), Tk. 24,098,607 (2007)
NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

26.1. ADVANCE INCOME TAX PAID: Tk. 12,874,835

This has been arrived at:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>14,231,071</td>
<td>20,063,581</td>
</tr>
<tr>
<td>Add : Paid/Deducted during the year under review</td>
<td>12,874,835</td>
<td>12,398,241</td>
</tr>
<tr>
<td></td>
<td>27,105,906</td>
<td>32,461,822</td>
</tr>
<tr>
<td>Less : Adjustment made during the year under review (Note -31)</td>
<td>14,231,071</td>
<td>18,230,751</td>
</tr>
<tr>
<td>Tk.</td>
<td>12,874,835</td>
<td>14,231,071</td>
</tr>
</tbody>
</table>

27. CASH AND CASH EQUIVALENTS: Tk. 6,851,977

This consists of:

(a) In Hand

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Hand</td>
<td>3,144,028</td>
<td>2,501,208</td>
</tr>
</tbody>
</table>

(b) At Banks in:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Current Deposit</td>
<td>2,650,402</td>
<td>3,167,693</td>
</tr>
<tr>
<td>(ii) STD</td>
<td>549,555</td>
<td>135,506</td>
</tr>
<tr>
<td>(iii) FDR</td>
<td>507,992</td>
<td>400,000</td>
</tr>
<tr>
<td>Total</td>
<td>3,707,949</td>
<td>3,703,199</td>
</tr>
</tbody>
</table>

Tk. 6,851,977

28. SHORT TERM LOAN FROM BANKS: Tk. 866,144,105

This is secured and consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sonali Bank Ltd. - CC (H)</td>
<td>533,546,285</td>
<td>531,123,192</td>
</tr>
<tr>
<td>Bank Asia Ltd. Over Draft</td>
<td>172,087,028</td>
<td>-</td>
</tr>
<tr>
<td>Sonali Bank Ltd. - LTR</td>
<td>96,975,242</td>
<td>103,526,926</td>
</tr>
<tr>
<td>Southeast Bank Ltd. - LTR</td>
<td>63,535,550</td>
<td>60,194,198</td>
</tr>
<tr>
<td>Total</td>
<td>866,144,105</td>
<td>694,844,316</td>
</tr>
</tbody>
</table>

29. LONG TERM LOAN - CURRENT PORTION: Tk. 315,339,151

This consists of as follows:

Foreign Currency Loans:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marubeni Corporation (¥ 322,883,392) (in 2007 ¥ 216,000,000)</td>
<td>250,234,629</td>
<td>135,280,800</td>
</tr>
</tbody>
</table>

Local Currency Loans:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast Bank Ltd.</td>
<td>-</td>
<td>17,000,000</td>
</tr>
<tr>
<td>Sonali Bank PAD Blocked</td>
<td>33,293,803</td>
<td>22,478,805</td>
</tr>
<tr>
<td>Sonali Bank Project</td>
<td>19,606,653</td>
<td>19,411,547</td>
</tr>
<tr>
<td>Sonali Bank CC Blocked</td>
<td>9,961,740</td>
<td>9,297,624</td>
</tr>
<tr>
<td>First Lease International Ltd.</td>
<td>2,242,326</td>
<td>3,571,484</td>
</tr>
<tr>
<td>Total</td>
<td>65,104,522</td>
<td>71,759,461</td>
</tr>
</tbody>
</table>

Tk. 315,339,151

26. Shinepukur Ceramics Limited
## 30. CREDITORS, ACCRUALS AND OTHER PAYABLES: Tk. 97,671,671

This consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>L/C &amp; Others</td>
<td>11,875,862</td>
<td>12,059,555</td>
</tr>
<tr>
<td>Creditors for Goods</td>
<td>6,082,265</td>
<td>5,881,776</td>
</tr>
<tr>
<td>Security Deposit</td>
<td>3,505,000</td>
<td>2,935,000</td>
</tr>
<tr>
<td>Outstanding Export Commission</td>
<td>2,586,821</td>
<td>2,170,732</td>
</tr>
<tr>
<td>Employees’ Provident Fund</td>
<td>6,431,866</td>
<td>4,946,268</td>
</tr>
<tr>
<td>Workers’ Profit Participation Fund</td>
<td>10,519,857</td>
<td>-</td>
</tr>
<tr>
<td>Tax deducted at source</td>
<td>668,754</td>
<td>304,465</td>
</tr>
<tr>
<td>Bank Interest due</td>
<td>6,247,786</td>
<td>7,345,033</td>
</tr>
<tr>
<td>Salary &amp; Wages</td>
<td>22,061,929</td>
<td>15,127,626</td>
</tr>
<tr>
<td>Gas &amp; Electricity</td>
<td>27,498,531</td>
<td>26,213,670</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>175,000</td>
<td>125,000</td>
</tr>
<tr>
<td>Provision of Legal Fees</td>
<td>18,000</td>
<td>18,000</td>
</tr>
</tbody>
</table>

**Total**: Tk. 97,671,671

## 31. INCOME TAX PAYABLE: Tk. 61,193,304

This is arrived at as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>63,907,140</td>
<td>52,108,810</td>
</tr>
<tr>
<td>Add: Tax provided in the year 2008 (Note - 42)</td>
<td>24,552,418</td>
<td>40,489,081</td>
</tr>
<tr>
<td></td>
<td>88,459,558</td>
<td>92,597,891</td>
</tr>
<tr>
<td>Less: Adjustments (Note-26.1)</td>
<td>(14,231,071)</td>
<td>(18,230,751)</td>
</tr>
<tr>
<td>Less: Tax paid</td>
<td>(13,035,183)</td>
<td>(10,460,000)</td>
</tr>
</tbody>
</table>

**Total**: Tk. 61,193,304

## 32. SHARE CAPITAL: Tk. 700,236,000

This represents:

- **(a)** Authorised:
  - 500,000,000 Ordinary Shares of Tk.10/-each
  - **Tk. 5,000,000,000**

- **(b)** Issued, subscribed and paid-up:
  - 66,060,000 Ordinary Shares of Tk.10/-each fully paid-up in cash
  - 3,963,600 Ordinary Shares of Tk.10/-each fully paid-up bonus shares
  - **Tk. 700,236,000**

- **(c)** Composition of Shareholding:
  - Beximco Group and its Associates
    - No.of Shares: 53,480,600
    - %: 76.38%
  - Institutions
    - No.of Shares: 5,901,000
    - %: 8.43%
  - Other Investors and General Public
    - No.of Shares: 10,642,000
    - %: 15.19%
  - **Total**: 70,023,600

**Note:**
- All numbers are in Tk. (Taka) currency.
NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

(d) Distribution Schedule:

<table>
<thead>
<tr>
<th>Shareholdings</th>
<th>No. of Shareholders</th>
<th>No. of Shares</th>
<th>Holding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 500 shares</td>
<td>932</td>
<td>182,057</td>
<td>0.26</td>
</tr>
<tr>
<td>500 to 5,000 shares</td>
<td>1,052</td>
<td>1,531,650</td>
<td>2.19</td>
</tr>
<tr>
<td>5001 to 10,000 shares</td>
<td>86</td>
<td>645,600</td>
<td>0.92</td>
</tr>
<tr>
<td>10,001 to 20,000 shares</td>
<td>57</td>
<td>881,200</td>
<td>1.26</td>
</tr>
<tr>
<td>20,001 to 30,000 shares</td>
<td>19</td>
<td>460,500</td>
<td>0.66</td>
</tr>
<tr>
<td>30,001 to 40,000 shares</td>
<td>13</td>
<td>471,500</td>
<td>0.67</td>
</tr>
<tr>
<td>40,001 to 50,000 shares</td>
<td>15</td>
<td>683,000</td>
<td>0.98</td>
</tr>
<tr>
<td>50,001 to 100,000 shares</td>
<td>15</td>
<td>1,154,700</td>
<td>1.65</td>
</tr>
<tr>
<td>100,001 to 1,000,000 shares</td>
<td>11</td>
<td>3,062,400</td>
<td>4.37</td>
</tr>
<tr>
<td>Over 1,000,000 shares</td>
<td>4</td>
<td>60,950,993</td>
<td>87.04</td>
</tr>
<tr>
<td>Total</td>
<td>2,204</td>
<td>70,023,600</td>
<td>100.00</td>
</tr>
</tbody>
</table>

33. FIXED ASSETS REVALUATION SURPLUS: Tk. 1,354,284,953
   This represents surplus on revaluation of lands, buildings and plant & machinery made during the years 2004 to 2008, the details of which have been disclosed in Note-21.

34. LONG TERM LOAN: Tk. 721,470,301
   This represents loans from:

   Foreign Currency Loans:
   Marubeni Corporation (¥ 432,000,000) (in 2007 ¥ 696,000,000) 334,800,000 435,904,800

   Local Currency Loans:
   Sonali Bank Project 211,832,099 233,670,501
   Sonali Bank PAD Blocked 140,679,916 163,512,463
   Sonali Bank CC Blocked 31,877,524 39,846,916
   First Lease International Ltd. 2,280,762 4,012,450

   Tk. 721,470,301 876,947,130

   Loan from Marubeni Corporation is arrived at after crediting of Tk.123,920,598 (in 2007 Tk.26,715,783) being increase in liability on conversion of the loan balance in foreign currency as on 31.12.08 at the exchange rates ruling on the Balance Sheet date.

   Nature of Security:
   Pursuant to Supplementary Lenders’ Paripassu Security Sharing Agreement dated 24.06.2004 among Marubeni Corporation, Industrial Promotion and Development Co.of Bangladesh Ltd.(IPDC), Southeast Bank Ltd., Sonali Bank and Shinepukur Ceramics Ltd., Marubeni Corporation, IPDC, Southeast Bank Ltd. and Sonali Bank are secured by:

   (i) Equitable mortgage over the immovable property.
   (ii) Hypothecation by way of a floating charge on all other movable assets both present and future.
   (iii) First Charge over all the finished stock, Work-In-Process and current assets excluding book debts.

   Terms of Repayment:
   Marubeni Corporation:
   In 14 (Fourteen) half-yearly installments commencing from December, 2004.
NOTES TO THE ACCOUNTS

for the year ended 31 December 2008

Sonali Bank Project Loan:
In 41 (Forty-one) equal quarterly installments commencing from March 31, 2005.
Sonali Bank PAD Blocked Loan:
In 102 (One hundred two) equal monthly installments commencing from January 31, 2005.
Sonali Bank CC Blocked Loan:
In 108 (One hundred eight) equal monthly installments commencing from January 31, 2005.

Rate of interest:
Marubeni Corporation:
Japanese long term prime rate (LTPR) +3.0% p.a.
Sonali Bank Project Loan:
12.50% p.a. or the lending rate applicable from time to time based on Bank rate/policy.
Sonali Bank PAD Block Loan:
14% p.a. or the lending rate applicable from time to time based on Bank rate/policy.
Sonali Bank CC Block Loan:
Rate of Interest Nil

35. Deferred Tax Liability - Tk.11,029,742
This is arrived at as follows:
Opening Balance 5,100,611 2,958,138
Provided during the year 5,929,131 2,142,473
Tk. 11,029,742 5,100,611

36. Revenue (Turnover) from Net Sale: Tk. 1,529,918,239
This is made up as follows:
A. Local Gross Sales 308,863,719 341,712,566
Less: Value added tax (40,286,572) (44,568,595)
Less: Commission (21,654,343) (24,076,430)
Net Local Sales 246,922,804 273,067,541
B. Export Sales Less: Freight, C&F and Others Charges 1,263,846,492 1,099,499,108
C. Duty Drawback 19,148,943 13,563,883
Net sales (A+B+C) Tk. 1,529,918,239 1,386,130,532

37. Cost of Goods Sold: Tk. 1,030,525,596
This is arrived at as follows:
Opening WIP 140,678,634 126,375,485
Raw Material Issued (Note- 37.1) 527,443,803 475,640,125
Material available for consumption 668,122,437 602,015,610
Closing WIP (159,342,294) (140,678,634)
Consumption 508,780,143 461,336,976
Manufacturing overhead (Note- 37.2) 527,188,509 473,098,758
Cost of production 1,035,968,652 934,435,734
Opening Finished Goods 209,837,006 207,274,364
Cost of Goods Available for Sale 1,245,805,658 1,141,710,098
Closing Finished Goods (213,823,346) (209,837,006)
Cost of Free Distribution of Sample (1,456,716) (1,404,833)
Tk. 1,030,525,596 930,468,259
NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

37.1. RAW MATERIAL ISSUED: Tk. 527,443,803

This is arrived at as follows:

- Opening Stock of Raw Material
  - 2008: Tk. 316,962,703
  - 2007: Tk. 312,523,178
- Purchase of Raw Material
  - 2008: Tk. 535,210,413
  - 2007: Tk. 480,079,650
- Closing Stock of Raw Material
  - 2008: Tk. (324,729,313)
  - 2007: Tk. (316,962,703)

Tk. 527,443,803
Tk. 475,640,125

37.2. MANUFACTURING OVERHEAD: Tk. 527,188,509

This consists of as follows:

- Depreciation
  - 2008: Tk. 105,832,306
  - 2007: Tk. 102,008,733
- Salaries, Wages, etc
  - 2008: Tk. 159,810,182
  - 2007: Tk. 152,702,615
- Power & Fuel
  - 2008: Tk. 62,815,116
  - 2007: Tk. 65,631,666
- Packing Materials
  - 2008: Tk. 88,672,671
  - 2007: Tk. 65,969,734
- Consumable Store & Spares
  - 2008: Tk. 73,934,890
  - 2007: Tk. 52,537,008
- Transport Expenses
  - 2008: Tk. 15,913,816
  - 2007: Tk. 14,700,052
- Office Expenses
  - 2008: Tk. 4,888,210
  - 2007: Tk. 4,391,549
- Insurance Expenses
  - 2008: Tk. 4,301,101
  - 2007: Tk. 4,633,819
- Welfare Expenses
  - 2008: Tk. 5,625,208
  - 2007: Tk. 5,441,453
- Repairs & Maintenance
  - 2008: Tk. 3,537,220
  - 2007: Tk. 2,928,678
- Communication Expenses
  - 2008: Tk. 550,912
  - 2007: Tk. 608,802
- Travelling & Conveyance
  - 2008: Tk. 538,946
  - 2007: Tk. 764,481
- Occupancy Expenses
  - 2008: Tk. 1,574,762
  - 2007: Tk. 25,000

Tk. 527,188,509
Tk. 473,098,758

38. ADMINISTRATIVE EXPENSES: Tk. 39,538,087

This consists of as follows:

- Depreciation
  - 2008: Tk. 8,603,163
  - 2007: Tk. 9,011,615
- Welfare Expenses
  - 2008: Tk. 5,976,491
  - 2007: Tk. 5,088,684
- Salaries & Allowances
  - 2008: Tk. 6,424,156
  - 2007: Tk. 7,317,623
- Transport Expenses
  - 2008: Tk. 2,192,112
  - 2007: Tk. 2,257,293
- Office Expenses
  - 2008: Tk. 2,707,151
  - 2007: Tk. 1,499,954
- Communication Expenses
  - 2008: Tk. 494,094
  - 2007: Tk. 482,523
- Occupancy Expenses
  - 2008: Tk. 1,574,762
  - 2007: Tk. 1,337,214
- Fees & Expenses for Direct Listing
  - 2008: Tk. 6,890,657
  - 2007: Tk. -
- Utilities Expenses
  - 2008: Tk. 339,656
  - 2007: Tk. 346,489
- Legal Fees, Prof. & Others Fees
  - 2008: Tk. 859,525
  - 2007: Tk. 275,050
- Travelling & Conveyance Expenses
  - 2008: Tk. 2,087,738
  - 2007: Tk. 848,413
- Repairs & Maintenance
  - 2008: Tk. 271,537
  - 2007: Tk. 127,084
- Audit Fees
  - 2008: Tk. 175,000
  - 2007: Tk. 125,000
- General Expenses
  - 2008: Tk. 42,000
  - 2007: Tk. 29,869

Tk. 39,538,087
Tk. 28,746,811
## 39. SELLING & DISTRIBUTION EXPENSES: TK. 51,099,692

This consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotional Expenses</td>
<td>24,592,940</td>
<td>27,193,949</td>
</tr>
<tr>
<td>Salaries &amp; Allowances</td>
<td>9,110,609</td>
<td>10,230,554</td>
</tr>
<tr>
<td>Occupancy Expenses</td>
<td>3,385,400</td>
<td>2,372,950</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>3,651,083</td>
<td>1,350,813</td>
</tr>
<tr>
<td>Communication Expenses</td>
<td>782,258</td>
<td>1,246,370</td>
</tr>
<tr>
<td>Travelling &amp; Conveyance Expenses</td>
<td>4,391,310</td>
<td>2,834,096</td>
</tr>
<tr>
<td>Transport Expenses</td>
<td>1,165,893</td>
<td>2,221,827</td>
</tr>
<tr>
<td>Welfare Expenses</td>
<td>1,617,391</td>
<td>1,157,511</td>
</tr>
<tr>
<td>Advertising &amp; Publicity</td>
<td>807,800</td>
<td>305,870</td>
</tr>
<tr>
<td>Utilities Expenses</td>
<td>385,709</td>
<td>460,873</td>
</tr>
<tr>
<td>Show Room Expenses</td>
<td>441,594</td>
<td>421,698</td>
</tr>
<tr>
<td>Handling &amp; Carrying Expenses</td>
<td>252,146</td>
<td>305,173</td>
</tr>
<tr>
<td>Registration &amp; License fees</td>
<td>-</td>
<td>185,748</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>254,729</td>
<td>514,227</td>
</tr>
<tr>
<td>Legal &amp; Professional Fees</td>
<td>167,580</td>
<td>-</td>
</tr>
<tr>
<td>General Expenses</td>
<td>4,750</td>
<td>216,620</td>
</tr>
<tr>
<td>Product Research</td>
<td>81,000</td>
<td>254,000</td>
</tr>
<tr>
<td>Training &amp; Conference</td>
<td>7,500</td>
<td>35,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51,099,692</strong></td>
<td><strong>51,307,279</strong></td>
</tr>
</tbody>
</table>

## 40. FINANCIAL EXPENSES: Tk. 188,309,477

This consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on Loan from Banks Others</td>
<td>190,775,750</td>
<td>198,911,119</td>
</tr>
<tr>
<td>Interest on Long Term Loan to a Related Party</td>
<td>(10,863,885)</td>
<td>-</td>
</tr>
<tr>
<td>Bank Commission &amp; Charges</td>
<td>8,397,612</td>
<td>4,250,925</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>188,309,477</strong></td>
<td><strong>203,162,044</strong></td>
</tr>
</tbody>
</table>

## 41. OTHER INCOME: Tk. 471,606

This consists of as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on FDR and STD A/c Received</td>
<td>471,606</td>
<td>66,739</td>
</tr>
<tr>
<td>Profit on Fixed Assets Disposal</td>
<td>-</td>
<td>350,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>471,606</strong></td>
<td><strong>416,739</strong></td>
</tr>
</tbody>
</table>

## 42. INCOME TAX EXPENSES: TK. 30,481,549

This represents:

(a) Current Tax
- Tax for the year under review | 34,542,732 | 40,489,081 |
- Excess Provision of earlier year | (9,990,314) | - |
- Current Tax | 24,552,418 | 40,489,081 |

(b) Deferred Tax
- 5,929,131 | 2,142,473 |

**Total** | **30,481,549** | **42,631,554** |
NOTES TO THE ACCOUNTS
for the year ended 31 December 2008

43. Earning Per Share (EPS):
   (a) Earning Attributable to the Ordinary Shareholders
       (Net Profit After Tax)
       2008  179,915,587  130,231,324
       2007  
   (b) Weighted Average number of Ordinary Shares
       outstanding during the year (Note 20.11)
       2008  70,023,600
       2007  70,023,600
       Tk.  2.57  1.86
   (c) EPS (Adjusted EPS of 2007)  (a/b)

44. PAYMENTS/PERQUISITES TO DIRECTORS AND OFFICERS
   (a) Directors :
       No amount of money was expended by the company for compensating any member of the board for special services rendered.
       No board meeting attendance fee was paid to the directors of the company.
   (b) Officers :
       Managerial Remuneration
       2008  25,640,050  23,627,396
       2007  
       Bonus
       2008  2,254,336  1,828,998
       2007  
       Perquisites :
       Housing
       2008  10,551,200  9,722,968
       2007  
       Medical
       2008  1,705,813  1,571,913
       2007  
       Transport
       2008  563,537  519,301
       2007  
       Tk.  40,714,936  37,270,576

45. PRODUCTION CAPACITY AND ACTUAL PRODUCTION IN THE YEAR 2008

<table>
<thead>
<tr>
<th></th>
<th>Production Capacity (in pieces)</th>
<th>Actual Production (in pieces)</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Porcelain</td>
<td>21,600,000</td>
<td>13,256,507</td>
<td>(8,343,493)</td>
</tr>
<tr>
<td>Bone China</td>
<td>3,600,000</td>
<td>2,894,919</td>
<td>(705,081)</td>
</tr>
</tbody>
</table>

Reason for shortfall : Production as per market demand.

46. CAPITAL EXPENDITURE COMMITMENT
There was no capital expenditure contracted but not incurred or provided for as on 31.12.08.
There was no material capital expenditure authorised by the board but not contracted for as on 31.12.08.

47. CONTINGENT LIABILITIES
There was no sums for which the company is contingently liable as on 31.12.08.

48. CLAIMS NOT ACKNOWLEDGED
There was no claim against the company not acknowledged as debt as on 31.12.08.

49. CREDIT FACILITIES NOT AVAILED
There was no credit facilities available to the company but not availed of as on 31.12.08 under any contract, other than trade credit available in the ordinary course of business.

50. COMMISSION, BROKERAGE OR DISCOUNT AGAINST SALES
Selling commission of Tk.21,654,343 was incurred and paid during the year 2008.
No other commission, brokerage or discount was incurred or paid by the company against sales during the year 2008.

51. EVENTS AFTER THE REPORTING PERIOD
The material events after the reporting period have been disclosed below:
   (a) On 30 April 2009 the board of directors recommended 10% cash dividend and 20% stock dividend (20 Shares for every 100 Shares held)
       which are subject to the shareholders'approval at the forth-coming annual general meeting.
The total amount of proposed dividend is Tk. 210,070,800/= (Tk. 30.00 Per share) consists of cash dividend of Tk. 70,023,600/= (Tk. 10.00 Per share) and stock dividend of Tk. 140,047,200/= (Tk. 20.00 Per share).

(b) On 19 February 2009, the Extra-Ordinary General Meeting (EGM) of the shareholders of the Company has approved issuance of Zero-Coupon, Convertible Bonds having discounted value aggregating Tk. 80,00,00,000 (i.e., face value totaling Tk. 115,43,17,600) to Bangladesh Export Import Company Ltd. (BEXIMCO), the Company’s holding company, for raising fund for increasing the capacity of its Bone China Plant subject to the consent of the Securities and Exchange Commission (SEC) thereto under the Securities and Exchange Commission (Issue of Capital) Rules, 2001.

(c) On 18 January 2009, a Memorandum of Understanding (MOU) was made between the company and Ceramic Info Center of Germany, under which the German company agreed to supply, erect and commission Bone China Tableware Manufacturing Facilities including machineries and equipments of 4.5 MT per day capacity to Shinepukur Ceramics Ltd. at the cost of about Euro 2.85 Million.

52. RELATED PARTY DISCLOSURE

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Name of Related Party</th>
<th>Nature of Transactions</th>
<th>Value of Transactions In 2008 Taka</th>
<th>Balance at the year end Taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bextex Ltd.</td>
<td>Long Term Loan (Paid)</td>
<td>259,785,884</td>
<td>259,785,884</td>
</tr>
<tr>
<td>2</td>
<td>Bextex Ltd.</td>
<td>Interest on Long Term Loan</td>
<td>10,863,885</td>
<td></td>
</tr>
</tbody>
</table>

Dhaka, 30 April 2009
SHINEPUKUR CERAMICS LIMITED
Registered Office : 17 Dhanmondi R/A, Road # 2, Dhaka-1205

Proxy Form

I/We ___________________________________________ of ___________________________________________ being a member of Shinepukur Ceramics Limited hereby appoint Mr./Mrs/Miss ___________________________________________ of ___________________________________________ as my Proxy to attend and vote for me on my behalf at the 12th Annual General Meeting of the Company to be held on Tuesday the 16th June, 2009 at 12:30 pm at 1, Shahbagh C/A, Dhaka and at any adjournment thereof.

As witness my hand this ___________________________________________ day of June, 2009. Signed by the said in presence of ___________________________________________.

Revenue Stamp Tk. 8.00

(Signature of the Proxy)

Date ___________________________________________.

(Signature of the Shareholder(s))

Register BO ID/Folio No. ___________________________________________.

Dated ___________________________________________.

(Signature of witness)

Note: A member entitled to attend and vote at the General Meeting may appoint a Proxy to attend and vote in his/her stead. The Proxy Form, duly stamped, must be deposited at the Registered Office of the Company not later than 48 hours before the time appointed for the meeting.

Signature verified

Authorized Signatory

SHINEPUKUR CERAMICS LIMITED
Registered Office : 17 Dhanmondi R/A, Road # 2, Dhaka-1205

Shareholders’ Attendance Slip

I hereby record my attendance at the 12th Annual General Meeting being held on Tuesday the 16th June, 2009 at 1, Shahbagh C/A, Dhaka.

Name of Member/Proxy ___________________________________________.

Register BO ID/Folio No. ___________________________________________, holding of ____________ ordinary Shares of Shinepukur Ceramics Limited.

Signature of Shareholder(s)

N. B. Please present this slip at the reception desk. Children and non-members will not be allowed at the meeting.